DOMINION OF CANADA



HOUSE OF COMMONS DEBATES

OFFICIAL REPORT

SIXTH SESSION—TWENTY-FIRST PARLIAMENT

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OFFICIAL REPORT

DEBATES

HOUSE OF COMMONS



DOMINION OF CANADA

HOUSE OF COMMONS

Monday, April 7, 1952

The house met at three o'clock.

THE BUDGET

ECONOMIC AND FINANCIAL STATISTICS—TABLING OF WHITE PAPER

Hon. Douglas Abbott (Minister of Finance): I desire to table copies, in English and in French, of the white paper in connection with the budget, 1952-53.

Mr. Croll: May I ask the minister whether the white paper he has tabled is to be printed in *Hansard*? If so, will he make the necessary motion to have that done? I think it is desirable that it should appear in *Hansard*.

Mr. Abbott: I was proposing to move tomorrow that it be printed as an appendix to tomorrow's *Hansard*, as has been done in past years. Printed copies will be available for hon. members today and tomorrow. In order to avoid duplication, I thought I might ask the consent of the house to have it printed in tomorrow's *Hansard* together with the budget speech.

HOUSE OF COMMONS

INCREASE OF QUORUM FROM TWENTY TO THIRTY

Mr. Stanley Knowles (Winnipeg North Centre) moved for leave to introduce Bill No. 179, respecting the quorum of the House of Commons.

Some hon. Members: Explain.

Mr. Knowles: Mr. Speaker, the purpose of this bill is to increase the quorum of the House of Commons from at least twenty to at least thirty members. By doing so, we shall merely re-establish, to the nearest round figure, the proportion stipulated in 1867, when the Commons had only 181 members as compared with our present membership of 262.

I believe this is the first bill to be based on the authority of the parliament of Canada to amend the constitution of Canada in matters exclusively federal, apart from certain specified exceptions, according to the amendment to the British North America Act of December, 1949.

I should like to say that I am indebted to Dr. Maurice Ollivier, our parliamentary counsel, for his help and advice in drafting this bill. Dr. Ollivier is always most helpful to hon. members who seek his advice, but because of the extra time and attention he has given to the drafting of this bill, in the light of its constitutional aspect, I felt I should like to thank him publicly at this time for his counsel and assistance.

Motion agreed to and bill read the first time.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 143, respecting the Royal Canadian Academy of Arts.—Mr. Cameron.

Bill No. 173, for the relief of Rowena Ann Christena Turner Rae.—Mr. Winkler.

Bill No. 174, for the relief of Jozefa Majcher Wozniak.—Mr. Winkler.

Bill No. 175, for the relief of Helen Semegen Boodanoff.—Mr. Winkler.

Bill No. 176, for the relief of Mary Ann Munro Kelly.—Mr. Winkler.

Bill No. 177, for the relief of Esther Maron Feldman.—Mr. Winkler.

Bill No. 178, for the relief of Joan Alexander Jacobs Epstein.—Mr. Winkler.

WAR REPARATIONS

QUESTION AS TO INTERIM PAYMENTS OF CLAIMS

On the orders of the day:

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I should like to reply to the question asked on Thursday last by the leader of the opposition (Mr. Drew) with respect to interim payments for war claims for persons in real need.

As I explained to the house on March 10, a scheme was devised whereby payments would be made to claimants coming under categories laid down in the compensation rules which were established by order in council P.C. 667 of February 4, 1952, and which was published in part II of the *Canada Gazette* on February 27.

Those persons who fall within the rules will receive interim payment if their claims are established; and that is a definite decision.

Thus far, some sixteen persons have made application for interim payment, and those applications are now being processed. Hon. members will understand that this is a fairly complicated problem, and a good deal of detailed information is required before payments can be made. I am advised that the applications are being dealt with as expeditiously as possible.

Inquiries of the Ministry

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, there is one thought that I should like to place before the Prime Minister in connection with what he has just said to the house. When he speaks of claims being established, that could, of course, mean the total figure of the claim. Where there may be some doubt about the total figure of the claim but no doubt about there being some substantial measure of claim, I would suggest that some system be devised under which interim payment could be made so that very needy cases, of which I know the Prime Minister is aware, could be dealt with without further delay. I think this would prevent real hardship without the necessity for awaiting the determination of the larger amounts which it may take more time to deal with.

Mr. St. Laurent: I am sure that those who are processing these claims have this consideration in mind, and my information is that they wish to have, in connection with one we both have in mind, something on record to show that there is real need.

CHEESE

MAINTENANCE OF INDUSTRY AS MARKET FOR SURPLUS MILK

On the orders of the day:

Mr. H. O. White (Middlesex East): I wish to direct a question to the Minister of Agriculture or, in his absence, to his parliamentary assistant. What action, if any, is proposed by the government to preserve and to maintain the Canadian Cheddar cheese industry as a market for surplus milk? My question arises out of an article appearing in the London *Free Press* on Saturday morning.

Mr. Robert McCubbin (Parliamentary Assistant to the Minister of Agriculture): Mr. Speaker, I should like to assure the hon. member for Middlesex East that everything that can be done will be done. We had the cheese and the dairy men in here discussing the matter with us some weeks ago. As this is a matter of government policy, it will be announced in due course.

FLOOD CONDITIONS

LAKE LEVELS—PELEE ISLAND

On the orders of the day:

Mr. H. O. White (Middlesex East): I wish to direct a question to the Minister of Public Works (Mr. Fournier). In view of the impending disaster owing to high lake levels, does the government intend to take immediate steps to prevent Pelee island from being entirely covered by water?

[Mr. St. Laurent.]

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, there seems to be a general impression that whenever there are flood waters anywhere in the country there is on the federal government a responsibility to see that no damage is done or that whatever damage is done is repaired.

The other day I tried to point out to one of the hon. members that that is not the responsibility of the federal government. Floods in the various provinces are primarily the responsibility of the local authorities. Whenever it happens that there is a catastrophe of such magnitude that the local authorities feel it is beyond their power to deal with it, they apply to the federal government for assistance. There have been three or four cases in which the magnitude of the catastrophe was felt to be such that it took on a national aspect, and the federal government co-operated with the local authorities in an effort to alleviate the consequences to the individuals who had suffered. But unless the flooding of Pelee island can be attributed to some works for which the federal government has responsibility in connection with navigation or navigable channels, it is not primarily a responsibility of the federal government.

There have been many requests for inspections by officers of the Department of Public Works in connection with the floods that are occurring at this season of the year. Those inspections are being made for the purpose of ascertaining whether the disasters are in any way attributable to works for which the federal government is responsible. But that is as far as we can go under the present constitutional distribution of responsibilities.

If there is a situation at Pelee island which can in any way be attributed to federal works, I am sure that the engineers of the Department of Public Works will investigate the matter and make an appropriate report to the minister of that department. But if it is something which is not attributed to federal works but is rather a calamity arising out of the course of nature, then only if the local authorities, through the provincial government, made representation that the consequences were such that the provincial authorities were not capable of taking care of them, would the federal government feel called upon to consider whether they should recommend to parliament that the matter be treated as one of national magnitude.

Mr. Brown (Essex West): I should like to ask a supplementary question of the Prime Minister. Has Ontario asked for aid in the Pelee island, Detroit river and lake St. Clair

districts or any other district in that province? Has it asked for aid for the province of Ontario?

Mr. St. Laurent: Not to my knowledge, Mr. Speaker. But that is not something that the province would have to do immediately following the occurrence of the disaster. They themselves would naturally investigate and be in a position, if they came to the federal government, to make representations that would show that there was something of a national character that had to be dealt with. Because I have not received any representation does not mean that there may not be some made after the Ontario government has ascertained the extent and magnitude of what has taken place.

Mr. Drew: Mr. Speaker, without being unduly concerned about the constitutional division of authority, in view of the concern which this matter is causing not only in Ontario but also in the United States, may I suggest that an examination be made by the departmental engineers to see whether in fact there is any practical way in which this serious situation can be dealt with?

Mr. St. Laurent: I am sure that that is being done by the officers of the Department of Public Works. It is not only in respect of these international waters that examinations are being made. I know that representations are coming from sections of the province of Quebec asking for federal assistance in connection with damages resulting from the action of waters at this season. I know that the inspectors of the Department of Public Works are examining all these situations, because quite frequently the assertion is made, not always founded on fact, that the disaster is in some way attributable to works done by or omissions of the Department of Public Works in connection with navigable waters.

Mr. Fraser: This must be the only thing that the government does not control.

Mr. St. Laurent: I did not understand what the hon. member said.

HIGHWAYS

NIPAWIN-FLIN FLON, MAN.

On the orders of the day:

Mr. G. M. Ferrie (Mackenzie): Mr. Speaker, I should like to ask the Minister of Resources and Development if he will table the correspondence between the government of Saskatchewan and himself with regard to highway No. 35 from Nipawin to Flin Flon in the years 1951 and 1952?

Inquiries of the Ministry

Hon. Robert H. Winters (Minister of Resources and Development): Subject to the general reservation with regard to approval by the provincial government respecting their correspondence, I shall be glad to table the correspondence.

AMERICAN AIR LINES

REPORTED MOVEMENT OF CANADIAN EMPLOYEES TO BUFFALO FOR LIE DETECTOR TEST

On the orders of the day:

Mrs. Ellen L. Fairclough (Hamilton West): I should like to ask the Minister of Justice if he has had a complete report on the circumstances surrounding an incident where eight Canadian employees of American Air Lines were required to take a lie detector test only to find that the test was to be made in Buffalo instead of in Toronto as they had expected?

Hon. Stuart S. Garson (Minister of Justice): The answer is no.

Mr. Fulton: Has Colonel McCormick any comment to make?

Mrs. Fairclough: Does the minister propose to take steps to prevent such unwarranted action on the part of United States companies operating in Canada?

Mr. Garson: The matter will be investigated.

ANIMAL CONTAGIOUS DISEASES

REQUEST FOR TABLING OF CORRESPONDENCE ORDERED ON MARCH 12

On the orders of the day:

Mr. J. A. Charlton (Brant-Wentworth): Will the parliamentary assistant to the Minister of Agriculture be good enough to advise the house when we may expect the correspondence relative to foot-and-mouth disease which was ordered tabled on March 12?

Mr. Robert McCubbin (Parliamentary Assistant to the Minister of Agriculture): I will look into the matter and see what can be done.

UNEMPLOYMENT INSURANCE

QUESTION AS TO APPLICATION TO FISHERMEN

On the orders of the day:

Mr. G. F. Higgins (St. John's East): I should like to ask the Minister of Labour the present position in respect to fishermen being considered eligible to receive unemployment insurance.

Hon. Milton F. Gregg (Minister of Labour): I thank the hon. member for sending me notice of this question. The unemployment

insurance commission carried out a survey of the fishing industry in 1951, excluding the fish processing portion of the industry which has always been insurable employment. Consequently we have a good deal of information and I can give my hon. friend a long answer or a short answer. I think I shall give him the short answer, and then if there is any further information the hon. member would like I shall be glad to provide it.

It was found that those engaged in the industry could be classified as follows:

	Number	Percentage
Masters and owners	14,094	16
Wage earners	6,172	7
Sharesmen	49,148	56
Lone workers	18,762	21
Total number	88,176	

The commission further found that the sharesmen, being in effect self-employed, are not suitable for coverage under the Unemployment Insurance Act. To insure the wage earners who are employed under a contract of service would not solve the problem as they number only 7 per cent of the total labour force in this industry. Anomalies would be created because of the great extent to which fishermen pass back and forth between the status of wage earners, workers on shares and lone workers, not to mention woods and farm workers. The nature of the industry, which is highly seasonal, makes it very difficult under present procedures and conditions to apply unemployment insurance even to the wage earners.

As my hon. friend knows, the difficulties which I have outlined apply with special emphasis to the Atlantic coast fishing industry.

PRIVATE BILLS

LILLIAN MAY HOLLOWAY O'BRIEN

Mr. H. W. Winkler (Lisgar) moved the second reading of Bill No. 32, for the relief of Lillian May Holloway O'Brien.

Mr. Speaker: I notice there are a number of divorce bills on the order paper; is it the wish of the house that I call them?

Mr. Coldwell: One at a time.

Some hon. Members: Oh, oh.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, I ask that these bills should be considered one at a time. Last Friday evening we did suggest that the group of bills in connection with which the evidence had been placed before hon. members might be taken together. However, that suggestion was not approved by the sponsor, and I have had no indication today from the sponsor as to his wishes regarding these bills. Consequently I gather that he desires that they should be dealt with as they were on Friday evening, one at a time.

I do not propose going into a prolonged discussion on this bill. In this case I have read the evidence, and I notice that it is quite clear as to the reasons for seeking a dissolution of the marriage. But I cannot refrain from pointing out that once again investigators are involved.

In this particular case the chairman of the Senate committee, Hon. W. M. Aseltine, made the statement that in his opinion the petitioner, in this case a woman, should not have been put to the expense of having an investigator to investigate this case since there was a birth registered by a mother who was not the wife of the person accused of the offence in this particular bill. As the hon. senator said, once again we have an investigator, and unnecessarily so in this case.

One odd thing about this case is that when the investigator who had made the investigation, Abe Golden, was called to give evidence as a witness, the crier reported that he was engaged in the other committee room. In other words, he was engaged in another divorce case in which he had been the investigator. The chairman then asked the solicitor for the plaintiff, Mr. Garber, if it would interfere with the proper presentation of his case to have another witness called in the meantime. Mr. Garber said that it would not, and Harry Maxham was then called. The evidence states:

> Harry Maxham appeared as a witness on behalf of the petitioner, and, having been duly sworn, testified as follows . . .

I do not want to put the testimony on the record, but here apparently are two men in partnership as investigators in connection with this type of case. Apparently they are so busy that one was appearing in a case in another committee room, and the result is that the evidence given is not that of the witness who actually swore to the accuracy of the charge, if you care to call it that, but that of the partner who testified on behalf of the other investigator, Mr. Golden.

This is something that indicates once again the position in which the house is put with respect to divorce cases. I am not criticizing the members of the other place, nor am I criticizing the committees of the other place which investigate these cases. A year or two ago, at the invitation of the chairman of one of their divorce committees, I attended one morning and observed the manner in which they dealt with divorce cases, and I must say that I had no quarrel with the manner

in which the committee dealt with them at that time. The case now before us was in all probability inquired into with a lot of other cases, and under pressure, because, as I have already indicated, one of the witnesses was actually engaged in another divorce hearing in another committee room. Such circumstances indicate clearly the pressure under which the hon. gentlemen of the other place operate in handling divorce cases.

I doubt whether more than a handful of the members of this house have read the evidence in the case now before us, but I believe it is one where there may be justification for the plea that is made. Hon. members are very tired indeed of discussing divorce cases. We are very tired of having cases of this sort come before us, and we are tired this afternoon because once again more cases are before us. If the motion for second reading is challenged I do not know what the result of the vote will be, but, as I pointed out on Friday night, many hon. members refuse to have anything to do with divorce cases. On Friday night there were three votes. Out of 256 members available to vote, seventy-six voted in the first instance, seventy-seven in the second case and seventy-nine in the third, indicating most clearly that hon. members do not want to have anything to do with these bills.

I think it is wrong that those who, because they are in attendance in the house, feel they are compelled to vote on these cases, are called upon to exercise that obligation. I do not think it is fair that those who belong to religious organizations that do not tolerate divorce under any circumstances should be called upon to consider them. I think that the bill now before us should not be proceeded with until the house has had an opportunity to give serious consideration to any alternative proposals there may be for removing this obligation from members of the House of Commons and placing it where these cases can be dealt with in a different manner and apart altogether from the membership of this house.

I realize that it is not right and proper for a minority, no matter what we think, to inflict our view upon the majority. Perhaps in discussing these cases only a minority of hon. members are vocal, but I believe in this instance the minority represents the opinion of the majority. The same thing applies to the cases themselves. I do not think a majority has the right to say that nobody shall grant divorces, because minorities have a right to individual and personal freedom; but I do not think this house should be compelled to deal with the case now before us or any of the other cases on the list today.

I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

> That this bill be not now read a second time but that it be resolved that in the opinion of this house further consideration of this bill should be deferred until this house has had an opportunity to discuss alternative methods of dealing with this divorce application.

I am limiting the amendment to the one particular bill, because in that way I believe that what I am suggesting is within the rules of the House of Commons. I am not anxious to force this matter to a division, and if the Prime Minister or the government generally care to give some assurance to the house that an alternative method of dealing with this divorce application and others that may come before us hereafter will be adopted, I shall not press the matter to a division.

I do not want to call for a division with respect to this particular bill, because I think there is some validity in the plea made for dissolution of the marriage. I think, however, that something must be done about this matter, because the present procedure is making the House of Commons a butt for ridicule. I think the dignity of parliament is undermined when we have to discuss bills of this description, and I know that members of the other place feel very much the same about the question as many hon. members of this house. Indeed I know that the chairman of one of the divorce committees of the other place last year said he would not accept the chairmanship of or membership on one of these committees again. Therefore I move this amendment in order that we may try as a parliament to refer this matter to a place where it can receive proper consideration and so that we may be relieved of a most unpleasant responsibility.

Mr. Pouliot: May I ask the hon. member a question? What is the alternative that the hon. member would suggest?

Mr. Coldwell: I refrained from mentioning any alternative because I wish to remain strictly within the rules of the house. I think that the hon. member for Winnipeg North Centre has suggested an alternative on a number of occasions. He has suggested removing this matter from parliament and placing it under a federal court of law that would sit only in the city of Ottawa. Therefore no court would be established in the province of Quebec or in the province of Newfoundland. We would simply transfer from this house to a federal court sitting

in Ottawa the responsibility of making proper judicial decisions which we of necessity cannot make.

Mr. St. Laurent: The hon. gentleman has said that he wishes to remain strictly within the rules, but I am afraid that assertion of his desire is not in accordance with the amendment he has moved. The effect of the amendment is that the bill be not now read a second time but that it be resolved that in the opinion of this house consideration should be deferred until the house has had an opportunity to discuss alternative methods of dealing with this divorce application. But there is no alternative method. If it is a bill for divorce, the constitutional procedure is that it comes here from the other place, is given first and second readings, and is then referred to a committee to ascertain whether the facts upon which the prayer is based can be established to the satisfaction of that committee. I do not think there can be any alternative way of dealing with a private application to parliament for extraordinary relief in the form of a bill. It seems to me that the amendment is nothing but an enlarged negative which would deny second reading of the bill because what it suggests is something that can have no other practical result.

With respect to the other matter, I know the hon. gentleman is as anxious as I am to avoid religious controversies in this country. He has said he realizes there are religious denominations which do not admit of divorce. There are other denominations which do, and he says, I think quite properly, that the majority should not force upon the minority who do not believe in divorce the acceptance of divorce as a legal institution.

Mr. Coldwell: Or vice versa.

Mr. St. Laurent: On the other hand the larger minority should not force upon a smaller minority the position that there could never be any divorce at all. That is the position of my hon. friend, and I think generally hon. members will feel it is reasonable. In democratic institutions the majority must not disregard the honest views of the minority. It must try to accommodate itself to those views in matters that do not endanger the safety of the civil state. Likewise I think the larger minority must seek to accommodate itself to the honest views of the smaller minority, where it does not endanger the safety of the civil state.

As the hon. gentleman knows, this matter has been under consideration many times. A few years ago earnest consideration was given to a system under which there would be official examiners who, on applications for divorce based upon adultery, would inquire into the facts and make reports. Then there might be one omnibus bill that would have as a schedule the reports of these examiners in all these cases, so the matter could be dealt with on one occasion and only one during each session. It seemed that might have something to recommend it, because it would not mean the establishment of divorce as a legal institution but would be merely another method of enabling persons to make application for special legislation to deal with their special cases. The only difference would be that instead of dealing with one application at a time, after all cases had been investigated the reports would be annexed as a schedule to an omnibus bill, and they would be dealt with at one time.

After consideration by the gentlemen of the other house, however, it was found that they would not be agreeable to this change. They felt that if they were going to take the responsibility of adopting the legislation they should satisfy themselves as to the facts. This house might very well take the same view and say it wanted to satisfy itself by firsthand examinations of the witnesses as to the propriety or otherwise of exercising special jurisdiction.

Because of the diverging views at that time, and because there was no other alternative but the one suggested by the hon. member for Winnipeg North Centre (Mr. Knowles), which means establishing divorce as a legal institution to which one has a right if he establishes certain conditions, it was felt that the old system, with all its inconveniences and all its annoyances, which had been working for a number of years and had not occasioned any serious religious controversies, setting up one section of the population against another section, was after all less harmful to continue than to try some other system.

I have never attended any of these hearings in the other place. However, I have been told by the gentlemen who have attended, and who have also attended hearings in the courts, that the proceedings in the other place compare very favourably with those in the courts of Canada where divorce jurisdiction is exercised. Perhaps it is not our normal function to deal with these matters, but it is no more disagreeable for us individually to deal with them than it is for the gentlemen who sit on the bench in our courts of law. It is unfortunate that human nature should be such that these cases do arise. If there were not the honest and conscientious conviction that in certain cases divorces were a good thing the solution would be to deny divorces. But there are some who have the

honest and conscientious belief that under certain conditions divorces are right and produce better results than their denial. On this continent of North America one can doubt whether it is only in cases where there is the conscientious conviction that a divorce is going to be beneficial that divorces are granted. The proportion has become alarmingly great. Under those conditions, when you cannot make a change that is apt to be better than what you are changing from, is it not as well not to attempt a change?

Perhaps I should not have said this on the point of order, but I do urge the point of order in regard to the motion which would deny second reading of the bill.

Mr. Knowles: First may I say that some of us over here appreciate the forthright statement just made by the Prime Minister, even though he was just discussing the point of order. With respect to that point of order, if I may say so with great respect I think he has answered it himself. The Prime Minister doubted that it would be possible for us to do what the motion asks, namely, discuss alternative methods of dealing with these divorce applications. Then he proceeded to do that very thing, to discuss one alternative method, if not two. That is all the motion asks, that this house be given an opportunity to discuss alternative methods of dealing with these divorce applications. As my leader has already pointed out, he is not presenting this motion with any desire to divide the house but rather with a view to having a discussion on the question and a statement from the government. In effect we have had a bit of a statement already by the Prime Minister, and I would hope that after some discussion from various quarters of the house there might be a further statement.

With respect to the point as to whether the motion is in order, I would remind Your Honour that it is based upon the authority of citation 657 of Beauchesne's third edition. I need not read the whole citation because it has been put on *Hansard* so often, but it does make it clear that on the motion for second reading of a bill it is possible to move an amendment stating—

> —some principle adverse to, or differing from, the principle, policy, or provisions of the bill, or expressing opinions as to any circumstances connected with its introduction, or prosecution . . .

And so on.

On the basis of that citation frequent amendments have been moved to government bills, public bills and private bills along the lines of the amendment now before us. With respect to private bills I would point out that on two or three occasions similar amendments have been moved to pipe line bills. For example, on November 18, 1949, at page 1979 of *Hansard*, one was moved by the hon. member for Kootenay West (Mr. Herridge). On November 25 of the same year, at page 2256 of *Hansard*, one was moved by the hon. member for Cape Breton South (Mr. Gillis). I believe I should read the terms of that amendment, because of its similarity to this one. It reads:

> That this bill be not now read a second time but that further consideration thereof be deferred until this house has had an opportunity to record its opinion . . .

And then a certain opinion is spelled out. This amendment asks precisely the same thing, that further consideration of this bill be deferred until the house has had an opportunity of entering into a discussion of this matter.

While I am on my feet, and since the question of possible points of order has been drawn to Your Honour's attention, I should like to say that this motion does not refer to the subject matter of a bill standing in my name on the order paper. It stays clear of that. I submit that any discussion of this motion should not involve a discussion of that particular proposal, but that it could involve a discussion of any other proposal that hon. members may have in mind. In fact, I would say that is one of the reasons for presenting the motion in this form. My proposal is contained in a bill which is before the house and the country; opinions have been expressed upon it. There are those who support my proposal and there are some who do not like it. But all agree that we do not like the practice now being followed, so here is an opportunity for members of the house to suggest other methods that might be considered.

I submit, Mr. Speaker, that in those terms the amendment is in order. I believe it would be desirable to have a discussion to see what the ideas of hon. members are as to other possible methods, in addition to the alternative methods to which the Prime Minister referred in his remarks.

Mr. St. Laurent: I think the hon. member should distinguish between the precedents he cites and this motion. This motion seeks to defer consideration of this bill until there has been an opportunity to discuss alternative methods dealing with this specific divorce application. This divorce bill arises out of a petition to parliament to grant a special dispensation. It does not involve the setting up of divorce as an institution. The only procedure for dealing with this application is by an act of parliament, and at this stage there is no alternative which can be suggested to

the motion that we agree or refuse to agree to the second reading of this special act of parliament.

Mr. Knowles: May I point out to the Prime Minister that in the case of each of the precedents I cited a particular bill was before the house, but the amendment suggested doing something else before we would agree to the second reading of the bill.

Mr. McIvor: I should like to ask the Prime Minister a question. When these bills are sent to the committee, is there an opportunity given to the committee or to any member of the house to examine them?

Mr. St. Laurent: The rules of the house are not for interpretation by the Prime Minister, but the rules concerning private bills imply that they are sent to a committee so that the committee can assert to the house whether or not the allegations upon which the application is made are founded in fact. It would be within the powers of the committee to require the attendance of witnesses and the production of papers, or to make any kind of investigation that would enable the committee to say to the house whether or not, in its opinion, the allegations had been established.

Mr. Fulton: May I just say a word on the point of order? It occurs to me that there is a striking similarly between the amendment offered on an earlier occasion when a private bill to incorporate a pipe line was being discussed, and the amendment offered on this occasion. Your Honour will recall that under the Pipe Lines Act, there was a provision made by parliament that on subsequent occasions individuals who wished to incorporate a pipe line company would come before parliament requesting an act of incorporation. It was when those individuals, in compliance with that law, made their request and the house was proceeding with the bill based on that request that it was suggested by way of amendment that the bill be not further proceeded with but that the house should then consider the advisability, instead of incorporating pipe line companies, of placing all pipe lines under public ownership.

This suggestion was placed before the house, and the amendment was regarded as being in order. It seems to me it was practically identical in form with the suggestion which is now made. Pursuant to the provisions of the British North America Act certain petitioners have appeared before this parliament, and a bill, in accordance with their petition, has been framed. It has been considered by the Senate and is now before the house. The suggestion here is that instead of proceeding with that bill the house should consider alternative methods of handling this problem of divorce, and this specific divorce, which is exactly the same as saying that instead of proceeding with a pipe line bill we should consider alternative methods of handling pipe lines. I submit that the point made by the member for Winnipeg North Centre as to the earlier amendment having been in order establishes clearly that this amendment is in order under these circumstances.

Mr. Speaker: We have before us a motion for second reading of a divorce bill. The amendment is:

> That this bill be not now read a second time but that it be resolved that in the opinion of this house further consideration of this bill should be deferred until this house has had an opportunity to discuss alternative methods of dealing with this divorce application.

It has been brought to my attention that similar amendments have been allowed in the past. I have not before me the wording of the similar amendments, but I do not think it was suggested that the wording was exactly the same as the wording of this amendment. In any event, on both occasions which were mentioned, I do not think any objection was made to the regularity of the motion. I do not think I was asked to give a ruling on the motion, so the point of order was not considered. If I am wrong in that respect, I should like to be corrected now.

Mr. Knowles: I believe that is so, but the motions were put to a recorded vote.

Mr. Speaker: That has no bearing on whether or not the amendment was in order. We did not discuss the regularity of the amendment at that time; therefore I made no ruling. I am not in the difficult position of having to change my ruling.

Amendments to second readings of bills are made under the provisions of citation 657 of Beauchesne's third edition, wherein it states:

> It is also competent to a member who desires to place on record any special reasons for not agreeing to the second reading of a bill, to move as an amendment to the question, a resolution declaratory of some principle adverse to, or differing from, the principles, policy, or provisions of the bill,—

This amendment does not come within the scope of those words.

> —or expressing opinions as to any circumstances connected with its introduction,—

The amendment does not come within the provision of those words.

> —or prosecution; or otherwise opposed to its progress;—

I suppose it might be argued that this amendment is opposed to its progress. I do

not think the meaning of the words, "otherwise opposed to its progress" can be interpreted as bringing in such a wide amendment as this.

The citation continues:

—or seeking further information in relation to the bill by committees, commissioners, the production of papers or other evidence or the opinion of judges.

I do not see how this amendment comes within the provisions of citation 657.

If I recall correctly, those who contended that the motion was in order based their contention first upon the fact that similar amendments have been allowed in the past. I have stated my position in regard to that point. The other contention was that it came within the provisions of citation 657, and as I have stated I do not think it comes within the provisions of that citation. The motion seems to be a negative one. It is stated in the motion that the house should not give second reading to the bill until the house has had an opportunity to discuss alternative methods of dealing with this divorce application. I do not know when, if ever, and I do not think any hon. member knows when, if ever, the house will have an opportunity to discuss alternative methods of dealing with this divorce application.

The suggestion is that the second reading should be held up until a situation does happen which may never happen. I doubt whether it would be in order to hold up the bill under that circumstance.

The other point which has been raised by the Prime Minister is that this amendment proposes to hold up the second reading of the bill until the house has had an opportunity to discuss alternative methods of dealing with this—I emphasize the word "this"—divorce application. Our rules do not provide for any other method of dealing with this divorce application. Under all the circumstances I cannot allow the amendment to stand. Is the house ready for the question?

Motion (Mr. Winkler) agreed to.

Mr. Coldwell: On division.

Motion agreed to on division and bill read the second time.

JEAN MARIE WEEKS OPZOOMER

Mr. H. W. Winkler (Lisgar) moved the second reading of Bill No. 34, for the relief of Jean Marie Weeks Opzoomer.

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

Mr. Gagnon: On division.

Mr. Coldwell: On division.

Motion agreed to on division and bill read the second time.

MARGARET ELIZABETH STRANGE COLTON

Mr. H. W. Winkler (Lisgar) moved the second reading of Bill No. 37, for the relief of Margaret Elizabeth Strange Colton.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, the other two bills that have been given second reading are bills in connection with which the evidence had been distributed. We come now to the first of a large number of bills up for second reading today in connection with which we do not have the evidence. I might point out that when we started this afternoon there were 111 divorce bills on the order paper for second reading. Forty of those are bills in connection with which the evidence has been distributed, leaving 71 in connection with which we do not have the evidence. I wonder whether the hon. member for Lisgar, who is sponsoring these bills, is in his mood of last Friday night or in his mood of last Tuesday night. I wonder whether he might consider allowing the 71, in connection with which we do not have the evidence, to stand?

Mr. Winkler: I agree to let them stand.

Mr. Speaker: The hon. member for Lisgar has consented. Does the house consent to the applications for divorce in connection with which the evidence has been distributed being read collectively at this time?

Mr. Coldwell: Not collectively.

Mr. Knowles: I think what the hon. member said was, he was prepared to let the 71 stand.

Mr. Speaker: I did not follow him.

Mr. Howe: Let us take them one by one as they come.

Mr. Speaker: Let us settle one point at a time. Is it agreed that the bills in connection with which the evidence has not been distributed shall stand?

Some hon. Members: Agreed.

Mr. Speaker: Agreed. Is it also agreed that the bills in connection with which the evidence has been distributed shall be read collectively?

Some hon. Members: Agreed.

Mr. Speaker: If I have the numbers I will put the motion.

Mr. Knowles: Do I have to go to bat again? In addition to the two that have already been read, Mr. Speaker, the bills in connection with which the evidence is in our hands are the

following: 46, 52, 58, 59, 67, 68, 69, 70, 78, 88, 95, 97, 100, 102, 103, 109, 111, 113, 114, 115, 118, 121, 122, 123, 131, 133, 134, 135, 137, 139. I stop there to suggest that there is a typographical error on the order paper in the name in connection with Bill No. 139.

Mr. Sinnott: You must find them interesting.

Mr. Knowles: The next ones are: 140, 143, 151, 153, 154, 155, 156, 162. These bills total 38, and with the two that were passed previously make 40. I think that is enough divorces for the House of Commons to pass in one day.

Mr. Stuart (Charlotte): That's what you think.

Motion stands.

SECOND READINGS—SENATE BILLS

Mr. H. W. Winkler (Lisgar) moved that the following bills be read the second time:

Bill No. 46, for the relief of Nancy Jean Tolmie Dawson.—Mr. Winkler.

Bill No. 52, for the relief of Eileen Shirley Guttman Fagen.—Mr. Winkler.

Bill No. 58, for the relief of Rhoda Hayes Goulet.—Mr. Winkler.

Bill No. 59, for the relief of Malfice Ciccone Nadeau.—Mr. Winkler.

Bill No. 67, for the relief of Andre Roy.—Mr. Winkler.

Bill No. 68, for the relief of Libertia Vinivar McClusky Rutherford.—Mr. Winkler.

Bill No. 69, for the relief of Therese Michel Paquette.—Mr. Winkler.

Bill No. 70, for the relief of Alice Courey Salhany.—Mr. Winkler.

Bill No. 78, for the relief of Alfred Ernest Farebrother.—Mr. Winkler.

Bill No. 88, for the relief of Mollie Balacan Pantel.—Mr. Winkler.

Bill No. 95, for the relief of Arline Silverman Cohen.—Mr. Croll.

Bill No. 97, for the relief of Margaret Lois Long Fordham.—Mr. Croll.

Bill No. 100, for the relief of Rose Godfrey Slutsky.—Mr. Croll.

Bill No. 102, for the relief of Gladys Cecelia Fisher Waugh.—Mr. Croll.

Bill No. 103, for the relief of Sheila Ruth Coppelman Mitmaker, otherwise known as Sheila Ruth Coppelman Mintz.—Mr. Winkler.

Bill No. 109, for the relief of Dora Katz Schniederman.—Mr. Weir.

Bill No. 111, for the relief of Helene Philomena Schenker Champ-Renaud.—Mr. Croll.

Bill No. 113, for the relief of Gregorij Sergeij Anker-Jakerov.—Mr. Croll.

Bill No. 114, for the relief of Florence Margaret Parsonage Velleman.—Mr. Weir.

Bill No. 115, for the relief of Georgine Jun Ruzicka.—Mr. Weir.

[Mr. Knowles.]

Bill No. 118, for the relief of Joseph Edgar Eaton.—Mr. Croll.

Bill No. 121, for the relief of Kenneth Ashby Lambe.—Mr. Winkler.

Bill No. 122, for the relief of Lillian Ethlyn Crouse McManus.—Mr. Winkler.

Bill No. 123, for the relief of Marie Leopoldine Gabrielle Asselin Adler.—Mr. Winkler.

Bill No. 131, for the relief of Frederick Charles Butler.—Mr. Winkler.

Bill No. 133, for the relief of Thomas Richard Markey.—Mr. Winkler.

Bill No. 134, for the relief of Vera Jane Carroll Ross.—Mr. Winkler.

Bill No. 135, for the relief of Ruth van der Walde Crowley.—Mr. Winkler.

Bill No. 137, for the relief of Ruth Friefeld Ragoza.—Mr. Winkler.

Bill No. 139, for the relief of Cyril Frederick Hembling.—Mr. Winkler.

Bill No. 140, for the relief of Denise Gelinas Gilmour.—Mr. Winkler.

Bill No. 148, for the relief of Hilda Irene Gordon Diamond.—Mr. Croll.

Bill No. 151, for the relief of Dorothy Esme Graham Snell.—Mr. Winkler.

Bill No. 153, for the relief of Sergius Messier.—Mr. Winkler.

Bill No. 154, for the relief of Samuel Long Adamson.—Mr. Winkler.

Bill No. 155, for the relief of Sadie Isaac Kannon.—Mr. Winkler.

Bill No. 156, for the relief of Yvonne Yvette Lalonde Faucher.—Mr. Winkler.

Bill No. 162, for the relief of Edith Olive Catherine Cramp Midgley.—Mr. Winkler.

Mr. Coldwell: I am one of those in the house who did not read the evidence. I do not propose to be recorded as having consented to these bills being passed unanimously. Since my silence may be construed in that way, I do not propose to be put in that position.

Mr. Howe: On division.

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

Mr. Coldwell: On division.

Motion agreed to on division and bills read the second time.

SECOND READING—SENATE BILL

Bill No. 61, respecting the British Northwestern Fire Insurance Company.—Mr. Henry.

GULF PULP AND PAPER COMPANY

Mr. Lomer Brisson (Saguenay) moved the second reading of Bill No. 91, respecting Gulf Pulp and Paper Company.

Mr. Knowles: Would the hon. member who is sponsoring the bill make a brief statement about it?

(Translation):

Mr. Brisson: Mr. Speaker, the Gulf Pulp and Paper Company was incorporated under chapter 85 of the Statutes of 1902, as the "North Shore Power Railway and Navigation Company" which, under chapter 99 of the Statutes of 1914, became the "Gulf Pulp and Paper Company".

This company is subject to the terms of part III of the Companies Act, 1934. Section 190 of the Companies Act provides that no company subject to the said part III shall use any of its funds in the purchase of shares in any other corporation, unless in so far as such purchase is specially authorized by its act of incorporation. Section 145 provides also that any company coming under the terms of the said part may be exempted from any of its provisions.

The Gulf Pulp and Paper Company owns certain waterpower on the Ste. Marguerite river, in Saguenay county, which were granted to it by letters patent in 1903. The company also fully owns a wide stretch of land along the river. They have also acquired certain rights from the Quebec government in order to develop more profitably the waterpower in question.

Plans have been made for the construction of a dam on the Ste. Marguerite river with a view to developing a minimum of about 25,000 horsepower. The construction costs will amount to approximately $6 million. This development is being undertaken jointly by the Gulf Pulp and Paper Company and the Iron Ore Company of Canada. As you know, the latter company is preparing to develop the iron deposits of New Quebec and Labrador. The power from the Ste. Marguerite river development will be used for the mining of these iron deposits at the Sept Iles terminus.

We understand that the development of these deposits is part of or closely related to the defence program. This development will also benefit the Gulf Pulp and Paper Company, which is now unable to operate twelve months a year, as it lacks water during the winter months. This inconvenience will be remedied by the construction of the dam, which will store water the year round. We forgot to mention that the Gulf Pulp and Paper Company is now manufacturing woodpulp.

The Gulf Pulp and Paper Company and the Iron Ore Company of Canada have agreed to form a new company with a view to developing the waterpower in question. This company is named the Gulf Power Company. Moreover, both firms intend to subscribe to the capital of the newly-formed company an amount of about $1,600,000.

However, as under section 190 of the Companies Act, the Gulf Pulp and Paper Company is not allowed to subscribe to the capital of the new firm, we are asking parliament to amend the act incorporating the Gulf Pulp and Paper Company in order to enable the company to acquire shares in other companies. Besides, that power is normally granted ordinary companies and provided for in subparagraph (e), subsection 1 of section 14 of the Companies Act, 1934.

Section 13 of the act incorporating the Gulf Pulp and Paper Company also limits the borrowing power of the company to the amount of its capital stock issued as paid-up and unassessable.

We feel that we should take the opportunity of completely revamping section 13 of the act incorporating the said company, so as to grant it the ordinary borrowing powers provided in subsections 1, 2 and 3 of section 63 of the Companies Act, 1934.

Mr. Pouliot: Would the hon. member say who are the present directors of this company? Who is behind this bill? Who are the present directors?

Mr. Cruickshank: Is the hon. member for Dufferin-Simcoe (Mr. Rowe) a director of the said company?

(Text):

An hon. Member: No, he is not.

Mr. Cruickshank: I am asking the hon. member.

Mr. Pouliot: I should like to have an answer to my question. I think it is a reasonable one. We are not dealing with abstractions; we are dealing with men; and I should like to know who is behind the move to have that amendment?

Mr. Cruickshank: That is the question I asked, only in French.

Mr. Pouliot: You asked it in Latin.

(Translation):

Mr. Brisson: Mr. Speaker, the two companies involved are the Gulf Pulp and Paper Company and the Iron Ore Company of

Canada, of which Messrs. Charles Bigonesse, of Quebec city, and Jules Timmins, of Montreal, are the respective managers.

(Text):

Mr. Fraser: Will this bill be referred to the banking and commerce committee?

Mr. Speaker: I understand that this bill will be referred to the standing committee on miscellaneous private bills.

Mr. Fraser: It should go to the banking and commerce committee.

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

Motion agreed to, bill read the second time and referred to the standing committee on miscellaneous private bills.

PERTH MUTUAL FIRE INSURANCE COMPANY

Mr. J. N. Corry (Perth) moved the second reading of Bill No. 92, to incorporate the Perth Mutual Fire Insurance Company.

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

Mr. Knowles: Will the hon. member give us an explanation as lucid as the one we just had?

Mr. Corry: This company was organized on October 2, 1863 under chapter 52 of the Consolidated Statutes of Upper Canada, 1859. The original name was County of Perth Mutual Fire Insurance Company. It was originally on a mutual plan only. In 1877 the name was changed to Perth Mutual Fire Insurance Company, and they commenced operations on a cash basis as well as continuing the mutual plan. They were licensed in the province of Quebec in 1938, and also in 1938 obtained supplementary letters patent in the province of Ontario to write all classes of insurance except life.

In 1947 the company was licensed in the province of British Columbia, and in 1950 in the province of Alberta. Therefore it has been writing insurance in four provinces and by way of re-insurance in the whole dominion. The present company, it is expected, will be absorbed by the new company which seeks incorporation, and the directorate and the management will be the same as the present directorate and management.

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

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

[Mr. Brisson.]

QUESTIONS

HOUSING—STE. FOY, QUE.

Mr. LaCroix:

1. What are the names of the individuals or companies who submitted tenders to the Central Mortgage and Housing Corporation, on March 25, 1952, in connection with the building of two hundred houses at Ste. Foy, county of Quebec-Montmorency?
2. What was the amount of each tender?

Mr. Winters:

1. (a) Community Enterprises Limited, Montreal, P.Q.; (b) J. Paquette, Rosemere, P.Q.; (c) G. Archambault Limitee, Montreal, P.Q.; (d) Jobin Francois Inc., Quebec, P.Q.

2. Contracts were called on the basis of provision of three alternate types of heating. The contract was awarded on the basis of provision of hot air heating only.

	Hot Air Heating	Hot Water Heating	Hot Water Heating "K" houses only
(a)	$1,778,720	$1,804,160	$1,783,280
(b)	$1,785,650	$1,859,650	$1,823,290
(c)	$1,787,060	$1,808,780	$1,788,180
(d)	$1,796,000	$1,821,200	$1,800,560

COST OF LIVING INDEX

Mr. Noseworthy:

1. From what unions or locals, if any, has the government received requests for public hearings on the cost of living index, and its projected revision?
2. What organizations and/or groups, if any, have been invited by the dominion bureau of statistics to meet with statisticians and present their views on the cost of living index?
3. What organizations and groups, if any, have met with the dominion bureau of statistics and/or presented written submissions on the cost of living index and its projected revision?
4. What are the terms of reference under which the dominion bureau of statistics has operated and is and will be operating with regard to the cost of living index?

Mr. Howe:

1. International Union of Mine, Mill and Smelter Workers, District 8; United Electrical, Radio and Machine Workers of America, District 5 Council and Local 523; United Fishermen and Allied Workers' Union; Vancouver Enamel Workers' Federal Union, No. 291.

2. Canadian Association of Consumers; Canadian Chamber of Commerce; Canadian Congress of Labour; Canadian Federation of Agriculture; Canadian Manufacturers Association. Canadian Retail Federation; Confederation Des Travailleurs Catholiques du Canada; Congress of Canadian Women, Lakehead Chapter; International Union of Mine, Mill and Smelter Workers, District 8; Trades and Labour Congress of Canada; United Electrical, Radio and Machine Workers of America, District 5 Council and Local 523;

United Fishermen and Allied Workers' Union; Vancouver Enamel Workers' Federal Union, No. 291.

3. Canadian Association of Consumers; Canadian Chamber of Commerce; Canadian Congress of Labour; Canadian Federation of Agriculture; Canadian Manufacturers' Association; Canadian Retail Federation; Confederation Des Travailleurs Catholiques du Canada; General Motors Corporation; a group of university and other economists outside the federal government service; statisticians of other countries; Trades and Labour Congress of Canada.

4. The Statistics Act, 11-12 George VI, chapter 45. See specifically, section 3(a) and section 32(1).

ORDERS IN COUNCIL—DEFENCE PRODUCTION AND TRADE AND COMMERCE

Mr. Diefenbaker:

1. Have any orders in council been issued at the instance of both the Departments of Defence Production and Trade and Commerce, or either of them, that have not been published, and are not to be published in the *Canada Gazette*, nor made public?

2. If so, how many?

Mr. St. Laurent: I had intended to answer this question orally, but in the absence of the hon. member I think perhaps it had better stand. It provides for no limitation as to time, and I am sure the hon. member does not want to impose the obligation of referring to records since confederation in order to tabulate the number of orders in council. If it is allowed to stand I should be glad to give the hon. member the information he actually requires.

Mr. Speaker: Stand.

ADVISORY COUNCIL ON MANPOWER

Mr. Hees:

1. What was the date on which the last meeting of the advisory council on manpower was held?

2. Was a report of the proceedings of this meeting published?

3. If so, to whom were copies of this report sent?

Mr. Cote (Verdun-La Salle):

1. February 26, 1952.

2. Yes.

3. The report was sent to the following: the news services (Canadian Press, British United Press, and Reuters), members of the press gallery, the Ottawa *Journal*, the Ottawa *Citizen*, *Le Droit*, English and French weekly newspapers, some editors of English and French daily newspapers who have requested copies of all releases, farm papers, labour papers, Ottawa radio stations, Department of Labour officials, unemployment insurance commission officials, chairmen, secretaries, and members of regional, local, and national employment committees, national employment service offices, other government offices (dominion and provincial), trade union officials, associations who have requested to be on regular mailing list, members of the national advisory council on manpower, and to a miscellaneous list of individuals who have requested all news releases issued by the department.

CITY OF OTTAWA—POSTAL ZONES —MAIL CARRIERS

Mr. Coldwell:

1. How many postal zones are there in the city of Ottawa?

2. What geographical area does each zone cover?

3. How many mail carriers serve in each zone?

4. At what hour does the mail carrier report for duty and at what hour does he terminate his duties for the day in each zone?

5. What are the average number of loads carried daily by the mail carrier in each zone?

6. Is the mail carrier compelled to undertake any duties in addition to mail carrying and delivery?

7. If so, what is the nature of these duties?

8. Do these additional duties, if any, differ by zones?

9. If so, what are the particulars of such duties for each zone?

Mr. Langlois (Gaspe):

1. Four.

2. Zone No. 1, west, Loretta avenue; north, C.N. crosstown tracks, Loretta avenue to Rideau canal, thence Rideau canal from crosstown tracks to Mann avenue; east, Hurdman road; south, Rideau river from Bronson avenue to Hurdman's bridge.

Zone No. 2—west, Rideau canal and Hurdman road; south and west, St. Laurent boulevard; north, Ottawa river.

Zone No. 3—east, Loretta avenue and C.P.R. crosstown tracks; south, Carling avenue; west, Ninth avenue; north, Ottawa river.

Zone No. 4—west, C.P.R. crosstown tracks; north, Ottawa river; east, Rideau canal; south, C.N. crosstown tracks.

3. 1, 23; 2, 38; 3, 24; 4, 36.

4. Letter carriers report for duty at 7 a.m. and 1 p.m. and terminate when their duty is completed. The time of completion varies, but period of duty is usually within 8 hours.

5. One and two delivery walks, two loads daily; three delivery walks, three loads daily. Bundles are dropped for the carriers as required either in relay boxes or at suitable authorized points.

6. Yes.

7. Routing mail for delivery; endorsing reasons for non-delivery on undelivered mail; collection of postage due; collection of c.o.d. amounts.

8. No.

9. Answered by No. 8.

[Mr. Langlois (Gaspe).]

Mr. Pouliot: PROVINCIAL REVENUES—EXPENDITURES ON HEALTH AND HOSPITAL CARE

During each of the last five years: 1. What was the total revenue of each province? 2. What amount has been spent by each province for health purposes and hospital care? 3. What was the population of each province? 4. What proportion of its revenue has each province spent for health purposes and hospital care?

Mr. Howe:

1. TOTAL NET GENERAL REVENUE BY PROVINCES(1)

Fiscal Years ended nearest Dec. 31—	Newfoundland	Prince Edward Island	Nova Scotia	New Brunswick	Quebec	Ontario	Manitoba	Saskatchewan	Alberta	British Columbia
	Thousands of Dollars									
1947	(2)	4,658	32,389	28,844	193,756	223,213	34,004	53,312	47,510	72,004
1948	(2)	4,730	32,667	28,453	203,258	220,024	35,902	56,332	62,957	100,678
1949	17,424	5,091	34,249	29,431	207,040	235,421	38,042	61,275	88,363	124,265
1950(3)	20,859	5,488	35,612	32,188	238,404	249,706	39,350	64,043	104,663	133,258
1951(4)	23,632	5,440	38,989	38,667	237,802	255,356	40,949	65,044	84,507	134,166

(1) Does not include institutional revenue; interest, premium, discount and exchange; grants-in-aid; and shared cost contributions received from other governments
(2) Not available.
(3) Preliminary.
(4) Estimates.

2. NET COMBINED GENERAL AND CAPITAL HEALTH EXPENDITURES(1)

Fiscal Years ended nearest Dec. 31—	Newfoundland	Prince Edward Island	Nova Scotia	New Brunswick	Quebec	Ontario	Manitoba	Saskatchewan	Alberta	British Columbia
	Thousands of Dollars									
1947	(2)	673	3,166	2,083	19,404	20,303	3,091	13,992	5,293	10,434
1948	(2)	749	3,646	2,741	27,251	28,175	4,138	13,210	7,621	14,830
1949	6,530	897	4,215	2,962	30,514	33,796	4,904	17,421	9,968	31,844
1950(3)	5,332	956	4,855	3,253	38,005	33,508	5,616	20,138	11,961	32,126
1951(4)	6,551	902	4,603	4,954	31,463	38,982	5,510	20,832	12,116	32,725

(1) Includes hospital care. Shown "net" after institutional revenue, grants-in-aid and shared cost contributions received from other governments have been deducted.
(2) Not available.
(3) Preliminary.
(4) Estimates.

3. POPULATION

As of June 1—	Newfoundland	Prince Edward Island	Nova Scotia	New Brunswick	Quebec	Ontario	Manitoba	Saskatchewan	Alberta	British Columbia
	Thousands									
1947(1)	(2)	94	615	488	3,710	4,176	739	836	825	1,044
1948(1)	(2)	93	625	498	3,788	4,275	746	838	854	1,082
1949(1)	345	94	629	508	3,882	4,378	757	832	885	1,113
1950(1)	351	96	638	512	3,969	4,471	768	833	913	1,137
1951 (Census)	361	98	643	516	4,056	4,598	776	832	939	1,165

(1) Estimates.
(2) Not available.

4. NET COMBINED GENERAL AND CAPITAL HEALTH EXPENDITURE EXPRESSED AS A PERCENTAGE OF TOTAL NET GENERAL REVENUE

—	Newfoundland	Prince Edward Island	Nova Scotia	New Brunswick	Quebec	Ontario	Manitoba	Saskatchewan	Alberta	British Columbia
	Percentages									
1947	(1)	14·4	9·8	7·2	10·0	9·1	9·1	26·2	11·1	14·5
1948	(1)	15·8	11·2	9·6	13·4	12·8	11·5	23·5	12·1	14·7
1949	37·5	17·6	12·3	10·1	14·7	14·4	12·9	28·4	11·3	25·6
1950(2)	25·6	17·4	13·6	10·1	15·9	13·4	14·3	31·4	11·4	24·1
1951(3)	27·7	16·6	11·8	12·8	13·2	15·3	13·5	32·0	14·3	24·4

(1) Not available.
(2) Preliminary.
(3) Estimates.

PROVINCIAL REVENUES AND POPULATION—EXPENDITURES ON EDUCATION

Mr. Pouliot:

During each of the last five years: 1. What was the total revenue of each province? 2. What amount has been spent by each province for educational purposes? 3. What was the population of each province? 4. What proportion of its revenue has each province spent for educational purposes?

Mr. Howe:

1. TOTAL NET GENERAL REVENUE BY PROVINCES(1)

Fiscal Years ended nearest Dec. 31—	Newfoundland	Prince Edward Island	Nova Scotia	New Brunswick	Quebec	Ontario	Manitoba	Saskatchewan	Alberta	British Columbia
	Thousands of Dollars									
1947	(2)	4,658	32,389	28,844	193,756	223,213	34,004	53,312	47,510	72,004
1948	(2)	4,730	32,667	28,453	203,258	220,024	35,902	56,332	62,957	100,678
1949	17,424	5,091	34,249	29,431	207,040	235,421	38,042	61,275	88,363	124,265
1950(3)	20,859	5,488	35,612	32,188	238,404	249,706	39,350	64,043	104,663	133,258
1951(4)	23,632	5,440	38,989	38,667	237,802	255,356	40,949	65,044	84,507	134,166

(1) Does not include institutional revenue; interest, premium, discount and exchange; grants-in-aid; and shared cost contributions received from other governments.
(2) Not available.
(3) Preliminary.
(4) Estimates.

2. NET COMBINED GENERAL AND CAPITAL EDUCATION EXPENDITURE(1)

Fiscal Years ended nearest Dec. 31—	Newfoundland	Prince Edward Island	Nova Scotia	New Brunswick	Quebec	Ontario	Manitoba	Saskatchewan	Alberta	British Columbia
	Thousands of Dollars									
1947	(2)	721	4,761	2,435	37,342	44,707	5,137	7,961	7,350	13,708
1948	(2)	757	5,870	3,313	37,958	48,563	5,795	9,720	11,908	17,846
1949	4,319	869	8,274	5,350	39,815	50,842	6,960	9,564	11,610	22,650
1950(3)	4,349	950	9,623	5,927	40,275	56,150	6,506	10,624	15,276	28,713
1951(4)	5,310	1,039	10,048	7,751	40,818	63,307	6,714	10,293	16,794	22,641

(1) Shown "net" after institutional revenue, grants-in-aid and shared cost contributions received from other governments have been deducted.
(2) Not available.
(3) Preliminary.
(4) Estimates.

3. POPULATION

As of June 1—	Newfoundland	Prince Edward Island	Nova Scotia	New Brunswick	Quebec	Ontario	Manitoba	Saskatchewan	Alberta	British Columbia
	Thousands									
1947(1)	(2)	94	615	488	3,710	4,176	739	836	825	1,044
1948(1)	(2)	93	625	498	3,788	4,275	746	838	854	1,082
1949(1)	345	94	629	508	3,882	4,378	757	832	885	1,113
1950(1)	351	96	638	512	3,969	4,471	768	833	913	1,137
1951 (Census)	361	98	643	516	4,056	4,598	776	832	939	1,165

(1) Estimates.
(2) Not available.

4. NET COMBINED GENERAL AND CAPITAL EDUCATION EXPENDITURE AS A PERCENTAGE OF TOTAL NET GENERAL REVENUE

—	Newfoundland	Prince Edward Island	Nova Scotia	New Brunswick	Quebec	Ontario	Manitoba	Saskatchewan	Alberta	British Columbia
	Percentages									
1947	(1)	15·5	14·7	8·4	19·3	20·0	15·1	14·9	15·5	19·0
1948	(1)	16·0	18·0	11·6	18·7	22·1	16·1	17·3	18·9	17·7
1949	24·8	17·1	24·2	18·2	19·2	21·6	18·3	15·6	13·1	18·2
1950(2)	20·8	17·3	27·0	18·4	16·9	22·5	16·5	16·6	14·6	21·5
1951(3)	22·5	19·1	25·8	20·0	17·2	24·8	16·4	15·8	19·9	16·9

(1) Not available.
(2) Preliminary.
(3) Estimates.

SHORTENING AND LARD FOR SERVICE CAMPS

Mrs. Fairclough:

1. Have any purchases been made by the Department of Defence Production for requirements of shortening for the various service camps in Ontario and Quebec, during the period April 1, 1951 to March 31, 1952?

2. If so, how many pounds of shortening, and how many pounds of lard?

Mr. Dickey:

1. Yes.

2. (a) Shortening, 320,451 pounds; (b) lard, 65,078 pounds.

UNEMPLOYMENT INSURANCE BENEFITS

Mrs. Fairclough:

What were the total amounts paid in unemployment insurance benefits in January, February and March, respectively, of the current year?

Mr. Cote (Verdun-La Salle): January, $14,012,496.88; February, $15,571,156.15.

March figures are not available yet.

QUESTIONS PASSED AS ORDERS FOR RETURNS

PRINTING OF GOVERNMENT REPORTS

Mr. Thatcher:

What was the total amount of money spent during the past fiscal year by the federal government in the printing of departmental reports, bulletins, or publications of any nature, excluding Departments of National Defence and Defence Production?

PUBLIC SERVICE—SUPERANNUATION

Mr. Thatcher:

How much money has the government paid into superannuation or pension accounts (a) of civil servants, permanent and non-permanent; (b) of the Royal Canadian Mounted Police; (c) of members of the permanent forces; (d) of judges (1) in the fiscal year ended March 31, 1947; (2) in the fiscal year ended March 31, 1948; (3) in the fiscal year ended March 31, 1949; (4) in the fiscal year ended March 31, 1950; (5) in the fiscal year ended March 31, 1951; (6) in the fiscal year ended March 31, 1952?

MOTIONS FOR PAPERS

OTACO LIMITED

Mr. Stewart (Winnipeg North) moved:

For a copy of all correspondence, contracts, agreements and other documents exchanged from January 1, 1946 to date, between any department of the government and Otaco Limited, of Orillia, Ontario.

He said: Mr. Speaker, I should like to ask that this motion be dropped.

Mr. Speaker: Dropped.

RED DEER RIVER PROJECT

Mr. Quelch moved:

For a copy of the final reports by P.F.R.A. officials to the federal government on the Red Deer river project.

[Mr. Howe.]

He said: I understand that there is some uncertainty as to whether or not these reports are ready; therefore I would ask that this motion stand.

Motion stands.

NON-COASTAL ESKIMO TRIBES

Mr. Knight:

For a copy of any reports made to the government during the years 1947 to 1950, inclusive, respecting certain tribes of non-coastal Eskimos living in the interior northwest of Churchill.

Mr. Winters: From a quick review of the files I know of no correspondence other than intradepartmental reports. I shall be glad to have the files searched again and if there is any correspondence other than reports from departmental officials I shall be glad to table it.

Mr. Knight: I am quite agreeable, as long as the minister is going to make that search. I can assure him that there are documents other than intradepartmental reports.

Motion agreed to.

LAC DU CERF, QUE., WHARF

Mr. Courtemanche:

For a copy of payrolls and lists of materials purchased in connection with the construction of a wharf at Lac du Cerf, Labelle county, since February, 1951.

STANDING ORDERS

SUGGESTED AMENDMENT RESPECTING DEBATES AND PROCEDURE IN COMMITTEES

Mr. Hughes Cleaver (Halton) moved:

That, in the opinion of this house, the standing orders of this house should be amended in regard to debates and in regard to procedure in standing and select committees in order to bring the rules of debate more in line with present day needs and that, *inter alia*, such amendments should specifically provide: (a) for the passage of allocation time orders by this house with respect to any measure brought before it and that motions for allocation time orders should be put by Mr. Speaker, including all underlying amendments, after sixty minutes of debate have elapsed; (b) for the fixation in standing orders of a time limit on debates on the address in reply to the speech from the throne and the debate on the budget, after the expiration of which periods of time, the motion and all underlying amendments would be put by Mr. Speaker; (c) for the limiting to one half hour of the debate on all procedural motions and underlying amendments; (d) for provision that at the expiration of the seventh allotted day the chairman of the committee of supply and ways and means shall forthwith and without further debate put every question necessary to dispose of all of the votes of the departmental estimates under consideration; (e) for the requirement that at least four members should rise in their seats to express opposition for a request for unanimous consent to a suspension of the rules, otherwise unanimous consent of the house to be presumed when requested.

He said: Mr. Speaker, I want to admit frankly at once that I do not claim to have any profound knowledge of the standing orders or of the rules of debate. In 1951 the house was in session for eight months. A check of *Hansard* discloses that if members on the government side of the house had taken up as much time as members of the opposition groups—

Mr. Noseworthy: Why should they?

Mr. Cleaver: —we would not have finished the work of the house in twelve months. One would have thought that after being in session for eight months the house could have completed its work in an orderly fashion in time for hon. members who live some distance from Ottawa to be home with their families at Christmas. But on the Thursday before Christmas twenty-seven members of the Conservative opposition—the total membership of that group is less than one-fifth the total membership of the house—apparently made up their minds that that was not going to happen. Because of three succeeding amendments to a procedural motion —which by the way if introduced in the house at Westminster by a minister of the crown is carried without any amendment being permitted and without any debate—the house spent all of that Thursday discussing what hours we would work on Thursday.

Mr. Fulton: The procedural motion was not introduced by a minister in that case.

Mr. Sinnott: You will get your chance.

Mr. Cleaver: I will let any hon. member follow me who wants to split hairs on niceties. I am just interested in the broad general lines and am giving the reasons for introducing this resolution.

To me the only thing which that Thursday before Christmas clearly demonstrated was the fact that our rules are urgently in need of amendment. Under the rules of the house there was nothing at all to prevent a similar performance the next day and the day after.

Mr. Fraser: That was the government's fault.

Mr. Cleaver: While it is a primary and cardinal rule that the opposition has the duty and the right to discuss thoroughly and to criticize all government measures, I suggest that there is one rule much more important than that, a rule which must be followed if in the final analysis we are to continue as a democracy—the right of the majority to rule.

Mr. Hodgson: With an iron hand and with a steamroller behind you.

Mr. Cleaver: The British House of Commons has a membership over twice as large as ours and serves a population four times that of Canada. I think it is an understatement to say that in Great Britain they have problems of government quite as difficult and as important as our own, but notwithstanding that fact, by an orderly procedure and certain other features of their standing orders and rules of debate they are able to perform their task in much less time.

A three-way exchange took place on March 5 last which I think headlines in a few words what I want to say. I quote from page 136 of *Hansard* as follows:

> Mr. Drew: I say this with the utmost seriousness. The laughter of hon. members in regard to this matter merely indicates that they have overlooked the fact that the House of Commons at Westminster, which we follow to a considerable extent, has no time limit on speeches; but because of the planning of debates, and the indication ahead as to when the debates are to take place, it is able to do the extremely important business which is carried on there in a much shorter time than we do ours.
>
> Mr. Claxton: Because it has a timetable.
>
> Mr. Whitman: There are no filibusters there.

The house at Westminster is able to do the extremely important business which is carried on there in a much shorter time than we do ours. We have the reason.

> Mr. Claxton: Because it has a timetable.

Then the hon. member for Notre Dame de Grace (Mr. Whitman) gives us one of the causes for the great delay which takes place in this house. He says:

> There are no filibusters there.

I hope the leader of the opposition (Mr. Drew) will not change his mind. I hope he meant what he said—

Mr. Sinnott: He is not here today.

Mr. Cleaver: —and I hope he will support—

Mr. Fraser: He is here today.

Mr. Cleaver: —this resolution. I have purposely drafted my resolution in terms wide enough to permit any and every member of the house who wishes to do so to give his views as to ways and means by which our debating practice can be improved. The first paragraph of my resolution is very general in its terms. Then I follow with five amendments which I suggest. You, Mr. Speaker, and the members of the house have heard the leader of the Conservative opposition, the leader of the C.C.F. party (Mr. Coldwell) and many other members comment favourably from time to time on the practice at Westminster. Therefore I took the trouble to read the British *Hansards*, and I hope the house will bear with me while I put on the record under broad headings what takes place

in one week in the British house. Apparently the practice there is that on Thursday the government announces the business of the house for the whole of the following week. I should now like to read from the British *Hansard* of February 28 of this year:

Business of the House

Mr. Attlee: May I ask the leader of the house to state the business for next week?

It is not for one day but for "next week". The answer is as follows:

Monday, 3rd March—Supply (2nd allotted day): Committee stage of the civil estimates and estimates for revenue departments vote on account, 1952-53.

A debate will take place on the appointment of Lord Waverley as chairman of the royal commission on the taxation of profits and income.

Tuesday, 4th March—Supply (3rd allotted day):

Then follows the detail.

Wednesday, 5th March—Debate on defence, which will take place on a government motion to approve the white paper.

On looking up the British *Hansard* for March 5 I find that Mr. Churchill opened the debate. In the motherland the debate on defence is of course quite as important as the debate on defence in our House of Commons. Defence is a very important subject at the present time. The debate on this subject was limited to one day. It started at 3.35 p.m. and continued until 9.58 p.m. when the question was put on a recorded division. Sixteen members took part in the debate and their average speaking time was about eighteen minutes. The house then proceeded with the other work indicated on the agenda for that day and sat until 2 a.m. On the following day, March 6, the house dealt with the navy estimates, and anticipating that the debate would go beyond ten o'clock a motion was moved extending the hours of the sitting. It was in this form:

That this day the business of supply may be taken after ten o'clock and shall be exempted from the provisions of standing order No. 1, sittings of the house.

That motion, as provided for in their standing orders, was carried without amendment and without any debate. The standing order in that regard is standing order No. 1, paragraph 6(b). On March 6 the house went on with the navy estimates. Then on Friday the house reached private members' day, half of which I believe is taken up with private members' bills and the other half with private members' motions. On checking through the record for that week I find the agenda for the entire week was carried through in regular fashion as announced on the Thursday before without any quibbling or any cross-fire about it. The government simply announced that on this, that and the other day the house would do a certain part of the business of the country.

[Mr. Cleaver.]

Hon. members may wonder how that can be brought about. Apparently in the British rules there are two instruments. One is closure under standing orders 29 and 30. Any member may move closure but to be operative it must have a majority support of 100. The other remedy is the passage of time allocation orders with respect to individual subjects, commonly termed the guillotine. It is very seldom used. The first occasion I could find when it was used was back in 1932, and if members would like to refer to the 1932 British *Hansard*, fifth series, volume 269, page 1320, they will be able to obtain full information with respect to it. I could not find any recent illustration. Apparently the very fact that the power is there is all that is necessary to achieve the result. I understand the practice is that the parties of the house, through their whips or other representatives, reach an agreement as to what time of the house will be devoted to a particular subject. Then after the length of time is decided upon the Speaker allots the time to the government and the opposition in total. In turn the whips of the parties reach agreement among their own members as to the members who will speak and the amount of time they will be allowed. I am told that if any member is foolish enough to abuse his privilege of speaking and takes more time than is allotted to him the Speaker just does not see him again for a session or two. The end result of all this is that there they have an orderly procedure. Every member knows in advance what subject is coming up on a given day. He has full opportunity to get ready for it. The time of debate is limited to the point where time is precious. They do not have any of this dreary reading of well-written essays. They have a lively and constructive debate on the subjects before them. Time is precious and should be treated in that way.

If I may come now to the five specific amendments I have suggested I should like to state at once that so far as I am concerned, after even a short study of the British practice, I should very much like to see our House of Commons follow the practice of Westminster in its entirety. I am frank to admit, however, that I believe it would be such a shock to some members of this house that a transition period might be necessary, so we should be perhaps a little more moderate in adopting the practice at Westminster.

Now coming to the five specific amendments, the first is:

(a) For the passage of allocation time orders by this house with respect to any measure brought before it and that motions for allocation time orders

should be put by Mr. Speaker, including all underlying amendments, after sixty minutes of debate have elapsed.

Hon. members who would like to read up on this subject will find it fully dealt with in the fifteenth edition of May at page 461 and following. As I mentioned a few moments ago, I have not been able to find any recent record to give the house in regard to time allocation orders.

My next suggested amendment is:

(b) For the fixation in standing orders of a time limit on debates on the address in reply to the speech from the throne and the debate on the budget, after the expiration of which periods of time, the motion and all underlying amendments would be put by Mr. Speaker.

I have turned up British *Hansards* in regard to debates on the address. Hon. members will recall that the last session at Westminster was perhaps one of the longest and most hectic in many years. The government had a slim majority, and there was the threat of a general election hanging over the house for practically the entire period. On looking up the record I find that six days were devoted to the debate on the address. The mover of the address took thirteen minutes; the seconder took ten minutes. On the first day, October 31, 1950, seven and one-half hours were devoted to the debate. There were eighteen speakers, including the leader of the opposition and the Prime Minister. The average length of the speeches was twenty-five minutes. To summarize the debate on the address that session, it took forty-five and one-half hours; there were one hundred speakers, and the over-all average was twenty-six minutes per speaker. I ran across one thing that rather interested me, which I would like to mention now. On the fifth of the six allotted days Mr. Speaker made this statement, which will be found at page 606 of British *Hansard*, fifth series, volume 480. The house was then considering the housing amendment.

Mr. Speaker: Before I call the amendment, I am afraid I must inform the house that there are about fifty members who would like to speak today.

That was a short day. Twelve members spoke. When the time arrived for the vote on the amendment, it was taken; the other thirty-eight speakers simply did not have a chance to speak.

With respect to the debate on the address during the present session, it started on November 6 and concluded on November 13, lasting only six days or thirty-eight and one-half hours. There were 107 speakers and the average time per speaker was twenty-one minutes. The mover took thirteen minutes; the seconder took eleven minutes. Many speakers took less than fifteen minutes. It was a brisk and sparkling debate. It was quite obvious that no member was reading his speech. Every member who took part in that debate had something on his mind he wanted to get over to the house. I suggest, Mr. Speaker, that we would have a much better attendance in this house if our procedure were similar to that at Westminster.

Now I come to the next suggested amendment:

(c) For the limiting to one half hour of the debate on all procedural motions and underlying amendments.

In view of what I have already said in reference to what happened the Thursday before Christmas I need make no further comment on this proposed amendment:

The next proposed amendment is:

(d) For provision that at the expiration of the seventh allotted day the chairman of the committee of supply and ways and means shall forthwith and without further debate put every question necessary to dispose of all of the votes of the departmental estimates under consideration.

Under standing order 16 the British House of Commons provides that twenty-six days, being days before August 5, shall be allotted to the business of supply in each session. Hon. members will have noted that during the week I quoted the house was told what allotted day that day was. A very careful record is kept, and on the twenty-fourth day all outstanding votes are put without further debate. In framing my recommendation as I did I felt that it might be considered too drastic to accept in toto the British practice in regard to estimates, though as far as I am concerned I am all for the practice at Westminster. My suggestion was simply that we incorporate in our rules a provision whereby a serious filibuster on the estimates could not develop.

Now I come to the last suggested amendment:

(e) For the requirement that at least four members should rise in their seats to express opposition for a request for unanimous consent to a suspension of the rules, otherwise unanimous consent of the house to be presumed when requested.

I bring this up because of the fact that from time to time in connection with the work of the house, particularly in connection with committee work, often for good reasons bills will come quite late before the banking and commerce and other committees, and suspension of the rules is necessary unless the applicants are to be put to the trouble and expense and delay of coming back to parliament at another session. Usually consent is obtained without any difficulty. But on one occasion during the last session it did not look as if unanimous consent was going to be granted. I do believe that the

work of the house should not be held up at the whim of one member. The suggested amendment is that it should be necessary for four members to rise in their places, not simply shout out that they object, and indicate that they are objecting to the granting of unanimous consent.

To sum up briefly, Mr. Speaker, I do not wish any member of this house to feel that this resolution is intended to encroach in any way upon the right and duty of an opposition group to criticize or discuss legislation that is brought before the house. I believe that is a paramount duty, and a paramount right. I believe that recently Mr. Churchill stated this in a very clear fashion when he was a member of the opposition. I shall read from a part of one of his speeches:

> The house is not only a machine for legislation. It is a great forum of debate and the process of legislation is not necessarily smooth because it is rapid and violent. The house ought to have the opportunity of moulding and shaping the laws which afterwards have to be obeyed by the people.

As I mentioned a short time ago, in addition to that cardinal rule, to me it is equally important that we should have majority rule. I thank you, Mr. Speaker.

Mr. Gordon Graydon (Peel): In joining this debate, Mr. Speaker, I must say that the remarks I shall have to make will be in somewhat unprepared style because I have not made any notes for a criticism paragraph by paragraph of the hon. member's resolution. Today I want, if I may, to discuss one or two matters which have been very close to my heart and attention during these years in the House of Commons. They are related to matters of which this resolution forms at least a part.

In common with others who have sat in this house for a good many years and have witnessed its deliberations, I have felt that there were streamlined reforms which parliament, in the light of its importance to the Canadian people and to democracy, ought to institute. I am quite sure that any of us who have, for instance, conversed with those who have sat in the galleries of this august chamber from time to time have found some rather interesting criticism from those who have witnessed for the first time the procedures of the great House of Commons. I am not going to detail those criticisms because they are so well known to every member that I need not bore the house with a repetition of them. There is no doubt in my mind that, whether or not we like it, there is a desire on the part of the public and the members of all parties to see if we cannot get a somewhat better procedure and better general working conditions in this parliament.

[Mr. Cleaver.]

One thing that has concerned most of us throughout the years has been the disposition towards longer sessions of the house, and in some instances of late to more sessions. I am not so sure however that all the criticism which has been levelled against parliamentarians concerning the length of time we sit here is entirely deserved. It may well be that we take too long in many of the discussions that are held, but do not let us forget the extent of the business which this parliament now handles as compared to what it was when I first came into this house with the hon. member who moved this resolution. A comparison between the work in those days and what it is now indicates that perhaps we are conducting the business of the house in almost as rapid a fashion as we were then.

Perhaps we could take as our yardstick the amount of money which is now requested in the estimates. I recall being appalled and dismayed—an opposition member always is appalled or dismayed over something—over the fact that we were spending almost $500 million in the budget of 1936. I cannot recall now what I said at that time, but I am quite sure that I took the government to task in no uncertain way and told them to make sure they would never let that kind of thing happen again. Of course, as usual, my advice was not heeded, so today we are in a position where eight and a half times that amount of money is being spent in one year by the federal government. It may be said that that is not an indication of the extent or comprehensiveness of the work of parliament, but it at least does serve as a yardstick for measuring the breadth of subjects with which parliament is concerned in these days. There was an added acceleration during the time of the war, and during the period of rehabilitation and reconstruction there was a still greater acceleration of that situation until today I am quite certain that many of the modes of procedure which were quite good in 1867, or even in 1936, are not now adequate. The sooner we can come to the conclusion that some changes have to be made, the better for parliament, the better for the country and the better for democracy itself.

I do not think we can approach this with any degree of dogma. We have to consider all the suggestions which are made in good faith from all sides of the chamber. This is not a party matter, it is a matter of settling our democratic procedure in this chamber for the conduct of business.

One thing which, from time to time, has been criticized in the press and in other places is the long-winded speeches that are made by backbenchers for the consumption

of their own constituents. I am going to take issue with anybody who says that. I have never believed, since I came to this house, that time was wasted in listening to the ordinary private member on the back benches. As a matter of fact, Mr. Speaker, I very often find them more interesting, more instructive, and I am quite sure more informative as to the exact position with respect to Canadian affairs than some of those who have almost become professional in their advocacy of certain things on all sides of the House of Commons. Therefore I want to put in a word for the back bencher. I myself was a back bencher geographically for a long time. I have never considered myself anything more than that, although I now sit in the front row. I think that when we get to the position in parliament where we become just advocates for advocacy's sake, we lose our identity and our power and our influence, because actually the man who is on the back bench and who is representing that part of Canada which he knows best has something to contribute; and when he contributes, even if he speaks for only forty minutes, as is the case now, we ought to consider what he says, and the government ought to take heed, because he does represent a section of Canada just as though he were sitting beside the Prime Minister of Canada. That is of great importance.

When we take visitors through the House of Commons they often ask us to point out the seat the Prime Minister occupies. They always look at the Speaker's seat, because they have the idea that it must be the Prime Minister's. When you show them that the Prime Minister's seat in this house is the same as anybody else's seat, so far as its structure is concerned, they marvel at it. The reason is, of course, that in a great sense every member of the house has equal rights. Having that in mind, of course these rights have to be preserved. I do not want it ever to be said that we should get to the point where we can have just a little ring of members around the front who are doing all the debating and while the people on the back benches keep quiet for the rest of their lives. That is not what we should be doing.

More than that, when I hear people saying that the reason why we should have shorter speeches is the time that the back benchers take up, I take issue with them. I have never believed that. I have never been in favour of reducing the time of the ordinary back bencher who makes a speech perhaps once or twice a year for the people and on behalf of the people whom he represents in one part of Canada or the other.

When we come to the question of the length of time of speeches—and this has been a thorn in the flesh of every committee that has dealt with the subject—I personally on many occasions have thought that we could reduce the time of speaking. I know I did not have complete support from many sections of the house; nevertheless I did think that in the broad scheme of streamlining the work of the House of Commons there might perhaps be included somewhere a representation of that kind because, after all, it is much easier to make a long and windy speech such as I am making now in the house than it is to make a well-ordered, concise and effective speech like some of the others that have been made and will be made in this debate. I remember on one occasion hearing a very prominent statesman say that he had taken three days to prepare a speech which he was going to make in twelve minutes. He said: "If I were going to make a two-hour speech half an hour's preparation would be sufficient".

I now come to the part of my hon. friend's resolution that has to do with the allocation of time. I hope that he will not press this resolution, because I fancy the purpose and the objective he has in mind will be sufficiently served when his motion is debated and we are given an opportunity to discuss these matters which are of such vital interest to every commoner here. I do think the government's position particularly would be misinterpreted if one of its supporters were to press to a vote such a drastic proposal as the allocation of time in the House of Commons, because I would be forced at this stage to vote against it, and I do not like to vote against my neighbour more often than I have to.

On the question of arranging the time of the house, the hon. member mentioned the United Kingdom parliament. I hear a lot about the United Kingdom parliament, and in a good many respects I think it has served a purpose that no other democratic institution has. I remember going into the library of the United Kingdom parliament on one occasion and seeing there a plaque with a Speaker's name on it going back as far as 1277. I thought to myself, well, that is a pretty long time to be in the adventure of democracy and in the experiment of government. It is not much wonder that sometimes we, who have been a nation for only a little while, feel that we should take some of our advice from those who have been experimenting with this institution for so long. But there is one thing that my hon. friend did not mention, and which goes to the root of some of our problems, and I am not sure that any of us in the House of Commons can

cure it. It is this. In the British house there are substantially only two political parties, although I must confess that in all fairness to the government we ought to mention at least under our breath the Liberal party, which does occupy some seats there now.

It is a vastly different business in the United Kingdom from what it is here. I am quite sure that the Prime Minister, his whip, and the Minister of Public Works, who handles the day-to-day affairs of the government leadership, can testify to the truth of what I say. When you have an official opposition, and then other groups to the left of that again to the number of two, and sometimes more than that, you have a problem which it is more difficult to solve than that in the United Kingdom, because there they have their procedure and their method of handling debates which have grown up through the years. I am quite certain that nothing in the way of too drastic solutions will reach the objective that we all have in mind, namely, the streamlining of the House of Commons.

When I first made a speech on this subject I fancied myself a regular Sir Galahad in these matters, and somehow or other I thought that all hon. members would gather round me after I had spoken and say, I heartily agree; we will bring in all these reforms. But I found there was hardly anybody who thought the same as I did. There were some of them who thought along the same line on some things I said and some of them supported me; nevertheless I found there was a wide division of ideas. When it came even to the question of how long we should sit in the house, I found that we never were able to get a completely unanimous opinion. But I want to say this to you, Mr. Speaker: I do not think we have to pass this resolution, or any other resolution, or have any more committees, so far as the sitting time of the house is concerned. I am in favour of going back to the hours we had at the last of last session, and keeping with them until we finish.

Mr. Brown (Essex West): Would you be willing to reduce the time of the speeches to thirty minutes?

Mr. Graydon: I would be willing to reduce everybody else's except the one I am making now.

In so far as the United Kingdom parliament is concerned, there is another point I want to raise. As has been very properly pointed out, debates there are naturally concentrated. It is a remarkable example of how they concentrate in close quarters around the subject at issue. Those of you who have witnessed those debates can corroborate me. Debates in the British house have a relation to the subject that few debates could have in this chamber. Our set-up in this chamber does not make for discussion of that kind. I suppose when we get the loudspeakers on our desks—

Mr. MacDougall: God forbid.

Mr. Graydon: The hon. member may have Victoria day on Monday by then, and he will not have to work. In any event, one of the troubles with this chamber is this; and in what I am now saying I am not suggesting it should be changed. On the other hand, we have got to consider the fact that this chamber is more like a cathedral than it is like a debating chamber. With a man away down at one end debating with the hon. member who just interrupted from down at the other end, how can you expect a profitable debate from the standpoint of those two members? It is not possible to have that sort of debate in this chamber, but it is possible in the United Kingdom chamber in which no member has a seat allocated to him. The result is that you see the cabinet, the secretaries, the under-secretaries and so on all huddled up, close together. I remember seeing the late Hon. Ellen Wilkinson—who was a very small woman anyway, and who was a member of the Attlee cabinet—when she was sitting in the house. There were two big cabinet ministers sitting on each side of her and she was squeezed in between them into about four or five inches of space. It is the economy of space, of course, which makes the House of Commons at Westminster the great debating chamber that it is.

We must take things as we find them. You cannot perhaps change the complexion of this chamber or the geographical position of its seats; and perhaps the best thing we can do is to have a loudspeaker system so that we can at least hear what everyone says. But even with that system, in a chamber built as this one is, I do not think you will find that closeness and proximity in debate between members which is characteristic of Westminster.

I should now like to come to one other matter among those that have been raised. Having in mind the extension of the work of the House of Commons and of the government, how best can we fit our rules and our procedure in to take care of it? I know it is the old story about the question of the estimates and the like. I think we ought to do one of two things with some of the estimates. The estimates of the Department of External Affairs are now sent to the standing committee. Those who sit on that committee—I do not know whether other hon. members in the house have the same

opinion—think it is a good committee of the house. We think that during past years it has done some useful work. It could not have had the success it has achieved had it not been for the distinguished chairmanship of the hon. member for Cochrane (Mr. Bradette). As to the other estimates, I know there are arguments pro and con as to whether they should go to committees. I remember Mr. Neill, who sat for the constituency of Comox-Alberni, on one occasion, after I had raised the question of sending the estimates to committees, said to me: You had better be careful, young man, because you are in opposition; and this is no kind of proposal to come from the opposition benches.

That may be so. Nevertheless, it seems to me that we have two things to consider when we are deciding whether we should send the estimates to committees. First of all, we may as well admit right now that our whole committee set-up is out of date and is, to a large extent, a useless appendage appearing in our *Hansards* in the early part of the session. Some of the committees never meet at all. They are completely out of date. So far as the committees relate to the various departments of government, I am not so sure that we should not now consider having our standing committees set up with some relation to the matters that those committees will be investigating or those various items of legislation that are brought in by the ministers. As it is now, often one does not know to what committee something should be sent, because the committee set-up is so far out of date. You do not know whether matters should be sent to one committee or the other. I am strongly of the view that we should now make some attempt to alter our entire set-up with regard to the standing committees. The present set-up, in my opinion, is a relic of the horse and buggy days. Just because this was the way a thing happened to be done at the beginning of this century, I do not see why we should still be carrying on with these relics of the past.

There is a real job to be done in connection with our committees, having regard to changing the structure of them. When that is done, then of course you have a good chance to send the estimates of a particular minister's department to the appropriate committee. For instance, if you have a standing committee on public works, the estimates of the genial Minister of Public Works (Mr. Fournier) would, of course, be referred to that committee, provided that the house so agreed; and so it would go all down the line. Having that procedure in mind, it would seem to me that we could remove from the House of Commons a good deal of time-consuming debate on certain questions. If you go through *Hansard* some time, you can observe the kind of questions that are asked of the ministers in the committee of the whole, and the answers that are given; and you will find that there is not much wonder that there are a great many members who are not in the chamber at those times. The taxpayers in the galleries say: Why are they all out, and why do only a few show any interest in the proceedings? The answer is this. You have one minister there, and you have half a dozen questioners who are interested in that particular line of work; other people who may be interested in something else altogether, of course, await their turn on some other occasion. Nevertheless, a large part of the committee's work in parliament is taken up in the discussion of matters in which only a few members are or can be interested. Instead of that procedure, I suggest that if we had our estimates going to standing committees, we would have every single member of the house somewhere on those committees, taking his place, and we would thereby eliminate all the boredom that from time to time is expressed by backbenchers because of having nothing to do, not being able to speak and not being able to take their proper part in administering the affairs of the nation. Right there in those committees they would have their chance to speak, to do a job for parliament, for the constituencies and for the country. From the backbencher's point of view particularly, I think that suggestion has great attractiveness.

It may be that we should not take the whole of the estimates of every department out of the committee of the whole. I know that there are some arguments that can be adduced both for and against that course. But after the administrative item has been debated in the committee of the whole—and this item gives every member a good chance to speak, whether he happens to be on any particular standing committee or not—and after it has been passed by the committee, the detailed estimates following could readily go to the standing committees that I would suggest. In a sense that would be a compromise between those who want everything to go to a committee and those who want to have everything dealt with in the committee of the whole house.

Mr. Weir: May I ask my hon. friend a question?

Mr. Graydon: Yes.

Mr. Weir: I have two things in mind, one dealing with matters after they have been accepted—and by that I mean reports of committees the following year—and one dealing with matters of policy before committees.

My point is this. If you are having estimates generally referred to committees, would you expect the answers to questions to be given by departmental officials or to be given through the ministers?

Mr. Graydon: I think the government whip will admit that we have had some experience in the committee on external affairs. It has worked out in this way: We usually have the Secretary of State for External Affairs (Mr. Pearson) attending in the committee for one, two or three days. I think you can always count on the departmental officials sticking up for themselves and when a question concerning policy is asked they will always say that that is a matter for the minister. I cannot think of any instance where we got into trouble in the committee on external affairs in that regard. I thank the hon. member for bringing up this question because it gave me an opportunity to refer to the only experience we have had along these lines. I am simply suggesting that it might be adopted in connection with other estimates.

I am satisfied that there are many other things that can be done in connection with streamlining the rules. When I got up I had no intention of making a speech anywhere near as long as that made by the hon. member for Essex West (Mr. Brown), but I do want to express some of the things that have been revolving in my mind in connection with house work. We hear a lot about the limitation of speeches and procedure in connection with rulings by Mr. Speaker. I think things are much better now than they were, but one thing we do still have is long-winded statements by ministers of the crown at the opening of the house. When such a statement is made and another hon. member gets up to reply he is likely to be ruled out of order. If it were not for the great leniency and wisdom and discerning judgment of His Honour I suppose we would have to be silent after these long statements are being made.

At first I was quite innocent about these statements. I used to think that just before a minister left his office something urgent had come up about which he had to make a statement. But then I noticed that quite often a minister would appear jittery and nervous if he did not get in his statement on the order for motions fairly early. Then I would look up in the press gallery and I would see the sheets flying around and would realize that copies of the statement had been sent to the press before it was given to the House of Commons.

That sort of thing could develop into a species of insidious propaganda. It is an important duty of the opposition to see that it does not go as far as that. I must say that the Prime Minister (Mr. St. Laurent) is not a great offender in that regard. When he is, we always tell him about it. I think these long-winded statements on the part of the government should be made short and to the point. More than that, I do not think any manoeuvres or conspiracies should be indulged in with backbenchers. I am only imagining this, but I can hear a minister saying to a backbencher, "I am going to get into trouble if I make a statement on the orders of the day because the opposition will object; how would you like to ask me a question and then nobody can say anything if I give a long answer?" That has been done although I have always been innocent enough to believe that the minister and the member had never had any previous communication.

This is the sort of thing I want to mention because this is the sort of thing that disturbs the House of Commons. I am hopeful that this lecture—for which I am not charging anything—will be taken in good part by those who need it most. As a matter of fact, some of those on the government benches who need it most are out of the chamber while some of those who need it least are present.

The hon. member for Halton (Mr. Cleaver) will think that I have rambled a long way from his resolution but I think he will understand that it provides a broad vehicle for discussion in a frank and open manner. The hon. member made reference to the reading of speeches. I am afraid my thinking is not very orthodox in this connection. I would rather have a 15-minute speech read from a manuscript than listen for 30 or 40 minutes to a speech which had not been prepared, such as the one I am making.

Some hon. Members: Oh, oh.

Mr. Graydon: I remember when I first came to the house I was told that I should be able to speak on my feet without having to look anywhere except across at the other benches. I have always tried to do that, but it is a rather hard rule to follow. At times statements must be made by members of the government or members of the opposition in which questions of policy may be decided by one or two words. I think we have to use common sense in this sort of thing. I have never objected to ministers using rather extensive notes when they are dealing with questions of policy. I have spoken on external affairs on occasion and I have felt it necessary to have extensive notes or perhaps to quote partly from a speech that I had had typewritten.

But there is one thing I think we should get rid of. Oftentimes a member will read a speech containing phraseology which is so different from that which he normally uses that we would not recognize it as the remarks of the same man. That is what I object to. I have always had a suspicion that somebody else has had a hand in its preparation. When members come down here to represent constituencies they have the duty to speak on behalf of their constituents without the assistance of other people who may put in their mouths words that they would not normally use.

There is one thing I should like to have particularly noted by the backbenchers. More and more backbenchers should speak. I know my hon. friend will say that this resolution is designed to bring about that very thing, but there are other ways of doing it. Hon. members are sent here by their constituents. Their constituents may realize that they are not great public speakers, and perhaps that is why they have been elected. I do not think anyone in this house should be fearful about getting up and expressing his thoughts even though they may not be expressed in the language that might be heard in the appeal court of Ontario or of some other province.

After all, the House of Commons is not an appeal court. A person who has not a good education has as much right to be heard here as anyone else. This is the place for everybody to be heard, whether he is educated or not. This is the place where the people who sent them here should hear them, even though their voice may be halting and hesitant. I do not thing anyone should have any fear that he is inferior to anybody in this chamber, because he is not. In this chamber one person is as good as another whoever he or she may be. I should like to see that view adopted as a battlecry so far as members of parliament generally are concerned. As I said before, I enjoy the contributions made by those who do not speak often and who usually speak sectionally. Even if they do speak about their own sections I am often more interested in hearing what they have to say because it gives me a better idea of Canada as a whole. We should hear what people from various sections of Canada have to say, and the speech from the throne and budget debates provide an opportunity for that. I have spoken a lot longer than I intended, but I really should be allowed some special consideration because I am speaking in reply to a government motion.

Some hon. Members: Oh, oh.

Mr. Graydon: The hon. member did not put that badge on it but I am going to do so for him.

Mr. Cleaver: I am sorry but I cannot accept it.

Mr. Graydon: In any event, in so far as our work in the House of Commons is concerned, I am not one who thinks that we should be complacent as to the present rules of procedure or the present conduct of debate. I have not felt that way for a long time. I think there are many people who are distressed and disturbed that we do not handle our business with better dispatch. Although on this occasion I have not given the house very much information, and perhaps there has not been a great deal of intellectual content in my remarks, at least I have done what I have urged the backbenchers to do. I have spoken my mind.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I am sure all of us in the house agree that there is room for improvement in our rules of procedure and in some of our practices. Indeed there are a few suggestions I shall make while I am on my feet, but I think I should make it clear at the outset that I do not agree with the suggestions put forward by the hon. member for Halton (Mr. Cleaver) in the motion now before us. Since I intend to express my opposition to most, if not all, of that motion, the responsibility devolves upon me to show that there are other steps that could be taken and to indicate the things that I think might be done.

In the first place I think it would add materially to the debates that take place in the house and to the endeavour to deal with our business more effectively if we could adopt hours of sitting at least similar to those that were in force toward the end of last session. I am sure if we could get it established for all time that we would adjourn at ten o'clock at night it would improve the spirit, morale, good will and everything else around this place.

Mr. Cote (Matapedia-Matane): What do you mean by "everything else?"

Mr. Knowles: After all, most members arrive here pretty early in the morning. They get here around nine or nine-thirty every morning, and I suggest that by the time it is ten o'clock at night it would be a good idea to call it a day. I suggest that far from that extra hour shortening the session it actually lengthens it because many speeches made during the last hour are merely made to keep the debate going or because tempers are frayed as the result of the long time that members have been here during the day.

With respect to hours, I would point out that last year's committee, which sat under the chairmanship of Your Honour, recommended that the hours should be from 2.30 to six o'clock on each of the five afternoons, Monday through Friday, and from eight to ten on Monday, Tuesday and Thursday evenings.

Some members on the government side have suggested that that involves too great a reduction in the number of hours from those we now sit. The present sitting hours of the house—apart from our committee and office work—amount to twenty-seven a week, and the hours I have just quoted would total only twenty-three and a half. Some members feel that is too great a reduction. I suggest as a compromise that we could reinstate the Friday evening sitting from eight to ten in the proposal made by last year's committee, and that would be a little closer to the total number of hours we now sit. As a matter of fact it would mean a loss in the total number of sitting hours of only an hour and a half a week, and I am sure we would more than make up for that if we were to adjourn at ten o'clock at night.

I am one of those who feel that we could, to the advantage of the debate and the advantage of the speeches we make, including the speeches of the hon. member for Peel (Mr. Graydon) and the hon. member for Winnipeg North Centre, reduce the length of speeches to thirty minutes, as suggested by the committee last year. I think that would be all to the good. I am one of those who feel that a change of that nature should not be forced upon the house when there is a substantial body of opinion against it, but I hope more consideration will be given to it.

The other type of suggestion that I offer for helping to streamline procedure is not in the nature of specific changes in rules. As a matter of fact I do not think you can achieve the objective of streamlining the business of the house merely by changing the rules. If you have an issue before the house about which there is feeling, over which there is contention, time is going to be taken on it no matter what rules you try to put through. What really matters if you are trying to expedite the business is that there be an understanding between the government and the opposition as to what is being proposed, and some measure of good will back and forth. I do not mean by that that the government and the opposition are going to agree on the things we are doing. We cannot agree when we are opposed to measures that are brought down, but I feel that the house could be taken into more of the government's confidence by the government telling us a little more in advance what business it proposes to have the house discuss.

Frequent references have been made already today to practices followed in the United Kingdom. One of their practices is for the leader of the house to tell the house on Thursday of each week what the business will be for the days of the succeeding week. Here our practice for the most part is to be told at eleven o'clock at night what the business will be for the next day. I submit that is not conducive to a feeling of co-operation and good will between the two sides to the debate on any question.

Mr. Fournier (Hull): Would the hon. gentleman permit a question? How can we announce a week ahead of time the business for each day of the next week when we have no limit on debates? We never fix a limit on the debate on external affairs or the debate on national defence, and I do not know when we will complete those debates. If I were to announce the business for the first week we reconvene I would probably be far from the mark.

Mr. Knowles: That is a fair question but the minister has given the answer to it. If the government were to give us an indication as to future plans a few days ahead or a week or two ahead, so that we would know what would follow the debate then in progress, I think there would be more of a disposition on the part of the opposition to move on from one debate to the other.

Some hon. Members: No, no.

Mr. Fournier (Hull): They would have to change quite a bit.

Mr. Knowles: As it is now, announcement is made of one debate at a time and we get that at eleven o'clock the night before it starts. The disposition of members is to settle down into that debate as if that is all there is.

Mr. Fournier (Hull): Will the hon. gentleman permit one more question? Tonight I am going to announce that tomorrow we will continue the debate on national defence, get into committee of supply and I will call four departments. The budget will be on at eight o'clock. After the budget we will take up the Japanese treaty. Do you think the house will follow my directions?

Mr. Knowles: What will we do on Wednesday?

Mr. Fournier (Hull): We will revert to the Japanese treaty, if the debate is not concluded. Will the house follow that advice?

Mr. Knowles: I am having the satisfaction of seeing my suggestion accepted while in the middle of making it. I thank the minister for having given us an indication of what will be the business for the next two days. I was about to say to him and to the government that in the last session or two and particularly this session some progress has been made toward this goal.

Mr. Fournier (Hull): Not in the length of debates.

Mr. Knowles: Just a moment. We have made progress in that the government has acceded to requests from the opposition to arrange for particular debates. For example, we had the debate on external affairs and we are having a debate on national defence. The minister seems to think those debates were lengthy. I do not think it was out of the way to have a debate for four and one-half days on the important question of external affairs, and so far we have had only two days on national defence.

Mr. Cleaver: The debate lasted two days in Britain.

Mr. Knowles: I will get back to Britain in a little while. We have had those debates, and I believe hon. members on all sides, whatever their views, will agree they were good debates. I feel that it will save time later in the session for members to have the feeling that they had the opportunity to debate these important questions.

When you consider the matter of trying to achieve fair play and co-operation back and forth, I want to say quite frankly that it is a two-way proposition. If the government will play ball with the opposition by letting us know what their plans are, what matters are to be brought up and what debates we are to have, the opposition should not just talk for the sake of talking. But on the other hand I submit the government should not expect the opposition to close off debate just because a deadline creeps up on us, as happened with respect to the supplementary estimates last week. I say this is a two-way street. The opposition has a responsibility; but so has the government a responsibility not to crowd the house by giving us matters that have to be disposed of within too limited a space of time. As I said a moment ago, I feel we will make more progress if we have some understanding of what our program is and some planning of the work of the session. I feel we will make more progress that way than by trying to alter the various rules of the house.

Mr. Fournier (Hull): If the hon. gentleman would permit a question, would his party give us their plans for every day next week and what they intend to do?

Mr. Knowles: If we were transplanted to to the government side of the house we would do so.

Mr. Fournier (Hull): You always come up with something new.

Mr. Knowles: We will be away from here next week, but I can promise the Minister of Public Works, since he wants to know our plans, that the week after that we will make our contribution to whatever subject is before us each day, as determined by the government.

Mr. Fournier (Hull): And taking a lot of time.

Mr. Knowles: The hon. member for Halton (Mr. Cleaver) has made some specific suggestions. I have already indicated that I do not agree with them, that far from expediting the business of the house I think they would actually delay it, in that their adoption by the majority of this house would make the members of the opposition and minority groups feel that restrictions had been placed upon them. As a matter of fact, despite his attempt at one point in his speech to say he did not want to limit free debate and the right and duty of the opposition to criticize, nevertheless two or three times the hon. member showed his hand. He started right off by comparing the time taken during a previous session or two by government members and the time taken by the opposition; and he had a great deal to say about what he called the filibuster that took place during the session at the end of 1951. As the hon. member knows, I was a little annoyed at the length of a certain debate, and I tried to do something on one occasion to bring that debate to a conclusion. I regret to say I was not successful.

Mr. Cote (Matapedia-Matane): Is the hon. gentleman willing to suggest to the house that no member should speak more than once a week?

Mr. Knowles: No, I would not make any such suggestion. The fact of the matter is that members are sent here by the people of the constituencies of Canada to bring their best judgment to bear on the issues that come before the country. How people can expect to bring their judgment to bear on these issues by sitting in their seats and not saying anything is more than I can understand.

If I may get back to where I was before the last interruption, I was pointing out that the hon. member for Halton made it clear in his remarks that his main desire is somehow to cut down the amount of time the opposition is taking. He showed his hand in that respect in his opening remarks, and he revealed it again two or three times during the course of his speech.

Mr. Cleaver: That is perfectly right; I admit it. I think the government supporters are entitled to as much of the time of this house as the opposition groups. I may be wrong, but that is the way I feel.

Mr. Knowles: I have no quarrel with that statement, Mr. Speaker, but the hon. member did not propose that government members be given more time. No such proposition needs to be put forward; they have the right now to take all the time they wish. What he proposed was that methods should be adopted by a majority vote of this house to place restrictions upon those who are now exercising their right of speech in this parliament.

Some hon. Members: Oh, oh.

Mr. Knowles: Never mind saying oh, oh. I point out that each item the hon. member has placed in his omnibus resolution with the possible exception of (e), about which I will say something when I come to it, is restrictive in nature. Each proposal is an attempt to cut down the length of time to be taken by members of the opposition. That is my quarrel with this motion, that its underlying basis disregards the principle of free speech and the freedom of members of parliament to exercise their rights and their responsibilities when they come to this house. I would like hon. members to listen again to citation No. 1 in Beauchesne's third edition:

> The principles that lie at the basis of English parliamentary law, as Bourinot so aptly says, are: "to protect a minority and restrain the improvidence or tyranny of a majority; to secure the transaction of public business in an orderly manner; to enable every member to express his opinion within limits necessary to preserve decorum and prevent an unnecessary waste of time—"

Mr. Cleaver: That is fair enough.

Some hon. Members: Hear, hear.

Mr. Knowles: Let me hear you say "hear, hear" to the next clause:

> "—to give abundant opportunity for the consideration of every measure, and to prevent any legislative action being taken upon sudden impulse."

Where are the hear, hear's now?

Some hon. Members: Hear, hear.

Mr. Knowles: Good. Similarly I ask hon. members to remember citation 818, which is taken from John Hatsell, a parliamentary authority of the late 18th century, who said:

> "So far the maxim is certainly true and founded on good sense that as it is always in the power of the majority by their numbers to stop any improper measures proposed on the part of their opponents—"

That is right, and it should be that way. The majority should have the right to rule and the right to have the final say. But, says Hatsell, it is also true that—

> "—the only weapon by which the minority can defend themselves from similar attempts from those in power are the forms and rules and proceedings which have been found necessary from time to time and are become the standing orders of the house, by a strict adherence to which the weaker party can alone be protected from those irregularities and abuses which these forms were intended to check, and which the wantonness of power is but too often apt to suggest to large and successful majorities.

Now, Mr. Speaker, it is one thing for the hon. member for Halton to say that it is the right of the majority to rule and to make the final decision, but it is another thing to suggest that the majority should use that power in a wanton manner to restrict the right of speech, to restrict the opportunities of members on the government side or the opposition side to participate fully in debate.

Although I shall not take time to read it because it is a lengthy one, members should read citation 20 in this same edition of Beauchesne. It appears on pages 11 and 12. In this citation Dr. Beauchesne has quoted at length from the very well known speech by Edmund Burke made to his constituents at Bristol in November, 1774. The reason I remind members about this citation, and of the quotation from Burke which is included in it, is that I believe it emphasizes the importance of every private member of any parliament—

Mr. Cleaver: Of every private member, and not just members of the opposition.

Mr. Knowles: That is exactly the point. I am going to stick with this argument for a moment and put on the record a few sentences from Edmund Burke:

> But, his unbiased opinion, his mature judgment, his enlightened conscience, he ought not to sacrifice to you, to any man, or to any set of men living. These, he does not derive from your pleasure; no, nor from the law and the constitution. They are a trust from Providence, for the abuse of which he is deeply answerable. Your representative owes you, not his industry only, but his judgment; and he betrays, instead of serving you, if he sacrifices it to your opinion.

That whole statement of Burke's, and that speech to his electors was on the point that, what was being elected to parliament was not a rubber stamp but a human being, with powers of judgment, and one whose responsibility it was to bring those powers of

judgment to bear upon the issues of the country in the interest, not only of one constituency but of the whole realm. I urge upon all members, as I am sure they all have, to read that statement of Burke's to remind themselves of the importance in this house of every private member from every constituency in this country.

Mr. Cleaver: Having concluded that, would the hon. member mind if I asked a question?

Mr. Knowles: Is the hon. member going back to the question he asked a moment ago?

Mr. Cleaver: No. My question is this. Do you not admit that all four recommendations which I have put forward in my resolution are less restrictive as to debate than are the rules in Westminster, or is he criticizing Westminster?

Mr. Knowles: The situation at Westminster and here are different in so many particulars that it is almost impossible to make a comparison. May I point out—

Mr. Cleaver: All your quotations are from the old country.

Mr. Knowles: —that frequent reference is made to the fact that at Westminster they fix these periods of time at the end of which a vote is taken. I would point out that if there are members who still wish to speak on the day the vote is to be taken the debate sometimes continues all night. Indeed you have these 23-hour sessions. In other words, so long as people still want to speak—

Mr. Cleaver: I must quarrel with the hon. member on that point. The debate only carries on when a motion is made for it to continue; otherwise a vote is taken at the end of the agreed period. I cited one case where, during a debate on the address, fifty members wanted to speak but only twelve spoke and then the vote was taken.

Mr. Knowles: No doubt it happened the way the hon. member says it was recorded on that particular occasion, but I have been over there and seen the members of that parliament in action. It is not always acceptable to a member to withdraw, and if he does not wish to withdraw that day's sitting continues until those who wish to speak have spoken. Sometimes a debate goes on continuously for 23 hours, or longer. You have, therefore, a case where you are not denying to the private member his right to be heard for fifteen minutes or seven minutes, whatever it may be, if he wishes to do so.

Mr. Cleaver: All I am asking for is the Westminster practice.

Mr. Knowles: No, you are not asking for the Westminster practice at all. You are asking for a curtailment of the practice that is now in vogue here. I may say, Mr. Speaker, that this whole business of comparing Westminster with the situation here has been gone into by others. It was fully investigated by Dr. Beauchesne in the days when he was clerk. He prepared a lengthy report on this matter which Mr. Speaker Fauteux presented to the house back in 1947. The report pointed out that there are great differences, geographical amongst others, between the United Kingdom, where you have a small compact country, largely homogeneous, as compared with the wide expanse of our country and all the different interests we have from coast to coast. This report is to be found in the *Journals* for Friday, December 5, 1947, from pages 7 to 32.

A portion of that discussion, which is to be found on pages 10 and 11, points out many of those differences that exist between that country and ours which result in it being necessary for us to pay some attention to the British practice, but to recognize also that we have a Canadian situation, and that we have to develop a parliamentary practice of our own based on British principles and yet clearly Canadian. I would point out that in that same report which was presented to this house by Dr. Fauteux—I think it is fair to say he had the assistance of Dr. Beauchesne in preparing it—he said this, as reported on page 10 of the *Journals* of December 5, 1947:

> The mere object of shortening sessions must not be the aim of any revision of our rules. The duties of a representative parliament are too important to be performed in a hurry. No question should be decided until it has been fully discussed.

Mr. Weir: Mr. Speaker, I just wanted to make an interjection. The hon. member, in his reference to Burke's speech about the duties of a member of parliament, interjected an inference to the effect that members who did not make speeches but merely voted were rubber stamps. I do not think that is a proper inference to be made. In its implication it naturally refers to a greater extent to government members than it does to opposition members. I venture to say that even in the governments of the United Kingdom a lot of members have voted with their parties, even though they have not made speeches, and in that sense the hon. member would refer to them as rubber stamps.

I believe that the hon. member will agree that members on the government side, and even in his own party, quite frequently vote without making speeches. Whether or not they are voting exactly according to the dictates of their conscience we do not know, but in that sense they are rubber stamps. Government members, may I point out, have opportunities that opposition members do not have

of becoming informed on matters of policy. I think it is quite improper, therefore, for the inference to go out that government members are really rubber stamps voting along with the party.

Mr. Knowles: It is six o'clock, but may I just say this. I have no objection to the point made by the member for Portage-Neepawa (Mr. Weir) that some members may feel they can express their judgment by voting just as much as by speaking. My point is that if a member feels he should express his judgment by speaking, he should not be restricted in that right or cut off from doing it.

Mr. Fournier (Hull): Except if he repeats the same speech five times in the same session.

Mr. Knowles: I would agree with that. It is strange that the Minister of Public Works (Mr. Fournier) did not hear me when I was making suggestions with which he agreed. Now that I am making a few with which he does not agree, he is making these frequent comments.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

CRIMINAL CODE

REPORT OF ROYAL COMMISSION AND NEW CONSOLIDATED CODE

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, may we revert to motions for the purpose of my filing the report of the royal commission with reference to the Criminal Code under the chairmanship of the Hon. W. M. Martin, Chief Justice of Saskatchewan, and the new draft consolidated Criminal Code, which is an integral part of this report?

STANDING ORDERS

SUGGESTED AMENDMENT RESPECTING DEBATES AND PROCEDURE IN COMMITTEE

The house resumed consideration of the motion of Mr. Cleaver:

That, in the opinion of this house, the standing orders of this house should be amended in regard to debates and in regard to procedure in standing and select committees in order to bring the rules of debate more in line with present day needs and that, *inter alia*, such amendments should specifically provide: (a) for the passage of allocation time orders by this house with respect to any measure brought before it and that motions for allocation time orders should be put by Mr. Speaker, including all underlying amendments, after sixty minutes of debate have elapsed; (b) for the fixation in standing orders of a time limit on debates on the address in reply to the speech from the throne and the debate on the budget, after the expiration of which periods of time, the motion and all underlying amendments would be put by Mr. Speaker; (c) for the limiting to one half hour of the debate on all procedural motions and underlying amendments; (d) for provision that at the expiration of the seventh allotted day the chairman of the committee of supply and ways and means shall forthwith and without further debate put every question necessary to dispose of all of the votes of the departmental estimates under consideration; (e) for the requirement that at least four members should rise in their seats to express opposition for a request for unanimous consent to a suspension of the rules, otherwise unanimous consent of the house to be presumed when requested.

[Mr. Weir.]

Mr. Knowles: Mr. Speaker, just before six o'clock, at least just before the last interruption before six o'clock, I was dealing with the point set out in the report on procedure which was presented to the House of Commons on July 5, 1947, by Mr. Speaker Fauteux. I had drawn attention to two or three sentences, particularly these:

The mere object of shortening sessions must not be the aim of any revision of our rules. The duties of a representative parliament are too important to be performed in a hurry. No question should be decided until it has been fully discussed.

I should point out that in that same paragraph it is made clear that we do not want to go to the other extreme and waste time in unnecessary repetition. But the point is clearly set out there by Dr. Fauteux, and has been confirmed by Dr. Beauchesne, in his studies of these matters, that we should realize the important question in relation to parliamentary debate is not whether we get it over in a hurry or spin it out at length. Rather the important aspect is the quality of the debate, the quality of the legislation dealt with and the responsibility that we bring to our task as members of parliament.

If I might refer back to the interjection made by the hon. member for Portage-Neepawa (Mr. Weir) just before six o'clock, I have no objection to those hon. members who feel that they can make their contribution by saying little or nothing during the course of a session. Neither do I have any objection to the plea made indirectly by the hon. member for Halton (Mr. Cleaver) that there be opportunity given to government members to speak more than they now do. There is no doubt as to their right to speak as often as they wish, and far from putting any restrictions on them, I would be glad to see them take a greater part in the debates of this house than they do at the present time. But, Mr. Speaker, what I do object to is the attempt which is involved in the motion now before us to restrict those who are speaking, and, according to the hon. member for Halton, that happens to be the members of the opposition.

I pointed out that the resolution before us, at least in so far as four of its points are concerned, is definitely restrictive. Their aim is to set up a system whereby this house, by a majority vote, would determine that certain debates would last for only a certain length of time. The result of that, Mr. Speaker, is inevitable. The result would be that in some of those debates there would be hon. members who wished to speak but would not have an opportunity to do so. They might be members of the opposition; they might be members of the government side of the house. I contend that members who are sent here should have the right to speak on issues that come before the house, if they wish to do so, and that is why I oppose the hon. member's proposal.

I have no objection to any changes in the rules that are agreed upon by the house as a whole which are fair to all and equal in their application to all members. But a set of rules like these would not be equal in their application. These rules, if put into effect, would result in some members having the right to take part in certain debates, and other members being denied that right.

If I may come back to Burke's statement again, I suggest that the constituents in every part of Canada send their members here to bring their best judgment to bear on the issues before this house, and that the electors in every constituency have a right to expect that their member will have the right to speak if he wishes to do so. Therefore, Mr. Speaker, for that reason, I feel that the house should not entertain the first four proposals in the motion put forward by the hon. member for Halton.

As I have said, there are frequent references to the practices at Westminster, and there are many things at Westminster that we would do well to follow; but I submit, as Dr. Beauchesne and Dr. Fauteux have pointed out, there are vast differences between that country and this. We have to develop procedures and ways of doing things that fit appropriately the Canadian situation.

One of the proposals that are before us is (c):

> For the limiting to one half hour of the debate on all procedural motions and underlying amendments.

Mr. Sinnott: That is long enough for anyone.

Mr. Knowles: The hon. member for Springfield says: "That is long enough for anyone." I think the hon. member misunderstands paragraph (c). Paragraph (c) does not say that speeches should be reduced to thirty minutes. If it said that I would agree with it. What paragraph (c) says is that the total time taken by all the members of this house on a procedural matter shall be limited to thirty minutes. Mr. Speaker, I might take that long myself, and no one else would get a chance.

Mr. Sinnott: No, you are wrong.

An hon. Member: Don't we know it.

Mr. Knowles: I was hoping that there would be some comment, and I hear there is. Mr. Speaker, it is true that the important debates in this house are on matters of substance, not on procedure, but there are times when a point of procedure and procedural proposals can be extremely important in their bearing on the rights and privileges of the members of parliament, and to suggest that in no case should a debate on a procedural motion last more than a half hour is, I suggest, unduly restrictive of the rights and the privileges of hon. members.

The other points (a), (b) and (d) are related to debates in various ways, but all have as their aim the limiting to a certain definite period of time all the debate that can take place in this house. If such a limitation could be brought about debate by debate as it comes along, by agreement in the house, I am all for it, but to lay it down as a rule, passed by a majority vote of this house, will not expedite the business of the house; it will annoy those who are frozen out by such a measure, and you will actually have the debate increased and the length of the session increased by time being taken on other items.

I said earlier that I would say a word with regard to subparagraph (e) which reads:

> For the requirement that at least four members should rise in their seats to express opposition for a request for unanimous consent to a suspension of the rules, otherwise unanimous consent of the house to be presumed when requested.

There are those who regard that as a plausible suggestion. I think it is one to be looked at very carefully. What it suggests is that we should make it easier to suspend the rules of the house. It is now possible, Mr. Speaker, to suspend any rule of this house in the proper manner, by notice being given, that notice appearing on the order paper and it coming up after the required forty-eight hours' notice. What this motion would suggest would be that that procedure could be got around, and that at any time the house could be asked to suspend any of its rules, provided that there were fewer than four members who did not object. Well, that raises the whole question as to whether it is a good idea to suspend rules. Rules are established by a parliament like this because we believe they are a proper way to carry on our business. They are sanctioned by long usage and by all the traditions of our

democratic process. To suggest that they should be lightly set aside is, in my view, open to question. I know of occasions in the time that I have been here when there has been before the house a measure that seemed agreeable to everyone, and so we have been asked, by unanimous consent, to suspend the rules and to go through two, three, four, five, six or seven stages in one day. I remember in particular the bill with respect to re-establishment credits which was introduced toward the end of world war II. That was a measure that we were all anxious to support. It was introduced toward the end of the session, and the late Mr. King suggested that inasmuch as we were all in favour of it, perhaps we could let it go through all its stages in one day.

For anyone to suggest that we should stick to the rules seemed a bit out of place in that particular atmosphere, and so it was permitted to go through. Within the next two or three days, however, we began to get public comment as to some shortcomings in that legislation; but we no longer had the opportunity to express any of those views on the floor of this house because we had by-passed the usual procedure and had put the bill through all its stages in the one day. I think that if, on that occasion, one hon. member had felt that the conscience of the house should be pricked a bit and if he had said, "No; I think that at least one of these stages should stand over for another day", it would have been better. In that event those views which people had and which they communicated to us a few days later could have been expressed on the floor of this house. I mention that as one example. There are others that have taken place since I have been here. I mention that one in particular because that is one of the rules, the suspension of which is so often requested.

I can agree that in many cases it seems unnecessary to wait for another day, we will say, for third reading of a bill for which there is general support. But what happens here is that if we let third readings go time after time without waiting for the next day, it becomes almost a practice of the house; and then anyone who wants to hold it up is told that is no longer the practice of this House of Commons. It is that sort of thing that makes me suggest that we should be extremely careful about changing the rule with respect to unanimous consent. I do not think we should agree that anything has unanimous consent unless it actually has unanimous consent, and that rule should apply very definitely with regard to the standing orders of this house.

I conclude my remarks, Mr. Speaker, on this note. I simply want to say that I feel that there are improvements that could be made in our rules and in our procedure. At the opening part of my remarks I suggested some of the changes that I thought should be made. I have spoken in particular of the hours of sitting, of the length of speeches, and of planning the work of the session. I think we have made some progress; and I think that the reason we have done so is that we have had so many committees on house procedure. I know that some of those who have been on those committees feel frustrated; they feel that we meet for hours on end and that we do not make much progress. The fact of the matter is, however, that we talk these matters out and we reach some agreements and those agreements get reflected in the way the business of this house is conducted.

I think we should continue to attempt to improve the rules of this house and to improve the procedure of this house in that way. I do not think we should try to do it by means of a motion of this kind coming before the house, being voted on and being passed by the majority of the house against the will of a substantial minority. After this discussion has taken place—and there is no doubt as to the value of the discussion, whatever our various opinions may be—I hope the hon. member for Halton (Mr. Cleaver) will consent that the motion be adjourned or that it be postponed to another day and that he will leave to the committee method the whole question of trying to improve the rules of the house on the basis of good will and co-operation rather than on the basis of the majority using its power to introduce restrictive changes which would defeat their own purpose.

Mr. Victor Quelch (Acadia): Mr. Speaker, I believe that members on all sides of the house agree that certain changes should be made in the standing orders. In regard to this question that appears to be the only point upon which there is any unanimity. But the minute you start to discuss any changes, you then get a multitude of different views; and few members appear to be willing to compromise on their stand. I think that fact is borne out by what has happened in the various select committees that have been set up during the past few years to deal with the question.

Last year a special committee was set up to bring down recommendations as to ways and means of expediting the business of the house. That committee had before them the experience of what had happened on former occasions, and they therefore hoped to bring down some worth-while recommendation. They realized that the only chance of getting a recommendation from the committee was

to bring down suggestions that would represent a fairly close approximation to unanimity. The first question they tackled was that of the hours of sitting. There was a high degree of agreement on that point; but many of us in that committee felt that it would not be possible for that committee merely to recommend that change in the hours of sitting. After all, that committee has been set up for the purpose of helping to expedite the business of the house. Therefore, if they had merely recommended that we shorten the hours of sitting, the net result would have been the lengthening of the sessions of the house rather than the shortening of them. Hence it was considered wise to tie in with that recommendation one to the effect that the length of speeches should be cut down from forty minutes to thirty minutes.

Unfortunately, that recommendation did not gain the same degree of agreement as did the one for a change in the hours of sitting. But even on that point there was a fairly high degree of support. Seventy-five per cent of the parties supported it, the Conservative party being the only party that was opposed to it. For that reason—and I would say for that reason alone—it was considered wise to make the recommendation in regard to the hours of sitting as a permanent affair, which would have required an amendment to the standing orders; but in regard to the shortening or the limitation of speeches, the recommendation was merely that as an experiment for one session we would have the speeches shortened from forty minutes to thirty minutes.

Personally, I thought that was a reasonable suggestion and I had hoped that it would receive the support of all parties. But as I mentioned a moment ago, the Progressive Conservative party could not see their way clear to support it; and for that reason, I presume, the government did not see fit to proceed with the recommendation. I still think, however, that the government would be fully justified in proceeding on that recommendation, because it would certainly improve the hours of sitting. I think everybody would feel in a better mood as a result of having the sittings adjourned at ten o'clock instead of eleven o'clock. It would also help to expedite the business of the house because, if that recommendation had carried, we would have seven and a half speeches a week more than we now have under the present sittings; that is, if everybody used his full time, we would have forty-eight speeches a week whereas at the present time we have only forty and a half. Not only would it improve the general sittings of the house and meet the favour of all members in that regard, but it would actually increase the amount of business that could be handled by the sittings.

I now want to deal specifically with the proposals contained in this resolution. I think the hon. member for Halton did a service to the house in bringing this question before it. I do not agree with the resolution but at least it can be said that we are having an interesting discussion on this question. In so far as we in this group are concerned, I may say that we can support only the last paragraph, namely paragraph (e), which provides that at least four members should rise in their seats to express opposition for a request for unanimous consent to a suspension of the rules.

That is the only section we are prepared to support. The reason we are opposed to the others is that paragraphs (a), (b) and (d) would require the apportioning of time for speaking. I think all members will realize that it would be very difficult to apportion the time on an equitable basis. If there were just two parties in the house it would not be so difficult, but with four parties it would be quite difficult to apportion time on an equitable basis. What would the basis be? The hon. member for Halton suggested that it should be left to the whips to decide, but the whips would have to have some basis on which to work. Would it be on the same basis as that used for setting up committees? Would it be on the same basis as that used for apportioning time over the C.B.C.? We would certainly not agree to that.

The hon. member for Halton suggested that there should be equal time for the opposition and the Liberal members. I would point out that there are a number of reasons why the opposition need and should have more time for speaking than the members of the Liberal party. I think the hon. member for Portage-Neepawa (Mr. Weir) gave one of the best reasons why members of the opposition should have more time to speak than the members of the Liberal party. When the hon. member for Winnipeg North Centre (Mr. Knowles) was speaking, the hon. member for Portage-Neepawa objected to the use of the term "rubber stamp" in regard to Liberal members who did not speak. He said he objected to that term because Liberals did not have to speak as much. He pointed out that they had other opportunities to express their opinions and discuss with the government what should or should not be done. He said that they had other opportunities to ask that certain bills or legislation should be amended.

The opposition does not have the same opportunity and for that reason, if for no

other, the members of the opposition are justified in demanding that they have a longer period of time in which to express their points of view than the members of the Liberal party. I think the hon. member for Portage-Neepawa made a good point in that regard although he may have been bringing it up for a different reason.

The government has a majority and can put through whatever legislation it wants to. You may ask: How can they get legislation through if there is a filibuster? The government has power to impose closure, although they do not like to use it. But the only power the opposition has is to advance arguments in order to convince the government that legislation should be changed. Sometimes the opposition must speak at great length in order to convince the government that legislation should be changed. We have recent examples of how as a result of argument put forward by the opposition the government finally realized that their legislation was not wise and changed it.

This happened in connection with contracts at the last session. As a result of a strong protest by the opposition the government changed their legislation. I recall some years ago the same thing happened during the budget debate in connection with depreciation. The opposition objected to certain depreciation provisions and debated all day, and the next day the Minister of Finance (Mr. Abbott) brought down an amendment to carry out the very thing the opposition had been asking for.

It is on such occasions that the opposition must have time in order to put forward their arguments, and put them forward forcibly. I am convinced that if the proposals contained in this resolution were carried out they would greatly restrict the efficient operation of the opposition. I think all members will agree that it is not desirable that the efficiency of the opposition should be cut down or restricted.

There is one other point I want to bring up and perhaps the members of the Liberal party will not agree with me on this. The opposition actually represents more voters than do the members of the Liberal party. A vast majority of the Liberal members got in with minority votes and therefore the opposition in this house must express the opinion of a greater number of voters than the members of the Liberal party can speak for. So I think there are three good reasons why the apportionment of time should be on the basis of more time for the opposition than for the Liberals. But I repeat that it would be very difficult to accomplish such an apportionment and I think it would be far better for the government to leave that question aside altogether. I come now to paragraph (c) which reads:

> For the limiting to one half hour of the debate on all procedural motions and underlying amendments.

Surely the hon. member for Halton could not have been serious in making that suggestion. I do not think any hon. member will suggest that such a thing would be feasible. Imagine some point of order coming up in the house and the first speaker being the hon. member for Winnipeg North Centre. No one else would have a chance to speak as he would probably take the whole half hour. Even if somebody else was allowed to speak for a few minutes, he would want to reply. If you limited it to a half hour you would just have one member speaking and the rest of us would not have a chance to say anything. We could not possibly support this section. I am also very much opposed to section (d) which reads:

> For provision that at the expiration of the seventh allotted day the chairman of the committee of supply and ways and means shall forthwith and without further debate put every question necessary to dispose of all of the votes of the departmental estimates under consideration.

Suppose we were dealing with the estimates of the Department of Agriculture which contain many items. An hon. member might be interested in an item at the bottom of the list and might feel that he would never have a chance to speak on it because the time would be used up. He would be forced to take up that matter on the first item and the result would be that every member would be bringing up his own particular matters on the first item and you would have a most disorderly debate. Section (e) reads:

> For the requirement that at least four members should rise in their seats to express opposition for a request for unanimous consent to a suspension of the rules, otherwise unanimous consent of the house to be presumed when requested.

We would not oppose that. I think it is only reasonable that if all hon. members except one desire that a certain rule be suspended, then that rule should be suspended. I think any party in the house should be able to find four members to object if they wanted to object and the government would then not be able to proceed. I do not think one member should be allowed to hold up proceedings. He may happen to be in bad temper or have a chip on his shoulder and out of pure devilment want to stop the proceedings.

I think there are changes that could be made in the present rules which would greatly expedite the proceedings and increase the efficiency of the house. It should not be very difficult to bring about these changes.

First, I think we should change the hours of sitting as recommended last year by the committee so that the house sits from two-thirty o'clock in the afternoon until ten o'clock at night. Then the length of speeches should be reduced from forty to thirty minutes. As I pointed out, if that were done and if every member who spoke took his full time you would actually have seven and a half more speeches in the week than you have at the present time. There would be a more pleasant feeling in the house and at the same time more work would be done.

There is one other matter which would not require a change in the standing orders and the rules; it simply requires that the present rules should be carried out. Speeches should not be read in this house. I know some hon. members will say that that is easier said than done, that it is hard to enforce that rule. There are many occasions when it would be quite simple to ask a member to stop reading his speech. When a member holds up his speech and is reading it word for word and line for line, what he is doing becomes quite obvious. It is all very well for him to say he is just referring to some very copious notes but it is easy enough to tell when a member is reading a speech, and I say that so long as that is a breach of the rule it should not be allowed. If on the other hand the house feels that members should be allowed to read their speeches, then let us amend the rule and permit them to do so; but as long as the rule exists I think the practice of reading speeches should be discontinued. I am satisfied that if the rule were enforced it would also help to expedite the business of the house. Speeches would be far more interesting to listen to and we would know for certain that a member was expressing his own views instead of perhaps merely reading views expressed by somebody else and put in the form of writing for the member.

Those are the three things I think should be done. I think we would be making a big mistake to try to carry out the recommendations covered by the resolution. I am satisfied that in the first place it would take a very long debate on amending the rules to put a thing of that kind into operation, and in the second place I think if it were done it would cause a good deal of confusion and dissatisfaction in the house.

Mr. Pierre Gauthier (Portneuf): Mr. Speaker, I have listened intently to the speeches that have been delivered since the beginning of this debate, and I must tell the house that there are some points of view that have been expressed with which I agree and others with which I do not agree. Let me take the last point made by the hon. member for Acadia (Mr. Quelch) about the reading of speeches. I have sat in the House of Commons for twenty-eight or twenty-nine sessions. That is a long time. I have had quite an experience listening to speeches whether read or delivered extemporaneously. In my opinion there is a psychological problem involved. Sometimes you see a member get up for the first time in a deliberative assembly and after talking for five or ten minutes he then tries to fill out the rest of his speech with the remainder of the strength left in his legs. That is psychological. He cannot face such an assembly whereas he can face a crowd on the hustings, on a public platform.

Everyone here will admit that the atmosphere of the House of Commons is quite different from that of the public platform. When you are on the public platform you have many friends gathered around to support you. In the House of Commons you have people who are very objective in their thinking. They are of different parties but they are accustomed to listening to speeches. Some of them read newspapers. Others talk. Others go out and others come in. They attend to their own business. Do you think such an atmosphere helps a speaker who is a little shy and timid in delivering a speech without reading it? I think the hon. member for Peel (Mr. Graydon) was right this afternoon when he said he had no quarrel with those who read speeches.

Mr. Graydon: Provided they write them themselves.

Mr. Gauthier (Portneuf): I shall come to that. I am not prepared to say that all the speeches read in the house have been prepared by others. Most of the time the speech is prepared by the one who is speaking. He cannot express himself properly without reading his speech because, in vulgar language—I do not quite know how to express it otherwise—he has not got the guts to express himself.

An hon. Member: Intestinal fortitude.

Mr. Gauthier (Portneuf): As my hon. friend says, intestinal fortitude. Therefore he has to read his speech. In academies of science, philosophy and so on all the speeches are read and the level of the discussion is not lowered because of that fact. Speeches are not longer because they are read. I think some of the speeches delivered in the house—mine, for instance—would have been better if they had been prepared ahead of time in written form, and I am accustomed to the House of Commons.

Mr. Graydon: You are pretty good.

Mr. Gauthier (Portneuf): When you take the time to think carefully and assemble your arguments properly I think you make a better speech, advance better arguments and come to the point you want to make in a better and quicker way. Therefore I do not think the rule forbidding the reading of speeches is such a good one. It is one of the rules we find in this thick volume of Beauchesne forming that spider web through which only the experts of the house can see clearly, and even when they see clearly they cannot agree. Even the experts disagree. When I first entered the house as a member I looked at that fat volume and said: Maybe all these rules have been manufactured so as to make a better appearing volume. I said to myself: It is better looking when it is fat and big; it looks learned. That is what I thought. I think we should do away with all these rules and have our own House of Commons rules. Then when we do not agree we would not be obliged to go to the bottom of the page and find a little remark that kills all the other articles that have been quoted before. That is what happens here too often.

Mr. MacDougall: I quite endorse the remarks that have been made and I wish to ask the hon. member for Portneuf (Mr. Gauthier) if he would be in favour of having a public bonfire of the first, second and third editions of Beauchesne. I certainly am.

Mr. Gauthier (Portneuf): It all depends. I spoke of the psychological aspect a few moments ago. It all depends on whether you did not suffer any repression in your childhood and can look at the fire without being scared. To prove what I was saying about the reading of speeches, I should like to refer to something that happened when I was a provincial member in Quebec, and it concerns a member who had experienced some ten sittings. I was the whip of the Liberal party, and one morning Mr. Taschereau asked me to get a few members to make a good debate on horticulture. Therefore I got members of the opposition and the Liberal party and they started speaking. The member to whom I have already referred, and who had the experience of ten sittings, started to speak about small fruits. He tried to cross the blue line and he could not do it. He had small fruits in his mind and on his lips and he could not get away with it because suddenly he got scared of the house. He got shy and noticed the way members were looking at him. That is a problem that can arise in the case of any member listening to me at the present time.

Mr. Graydon: Stage fright.

[Mr. Graydon.]

Mr. Gauthier (Portneuf): I am sure of that, and that is why I advocate that the rule forbidding the reading of speeches should be abolished. The result would be that better speeches would be delivered. I do not quarrel with anyone who reads his speech whether he be the chief of the opposition or a minister of the crown. There is a way of shortening the session. I think I would favour a thirty-minute time limit on speeches. In an old French classic of Boileau there is this saying:

Ce que l'on conçoit bien s'énonce clairement,
Et les mots pour le dire, arrivent aisément.

That means that a man who thinks clearly and who knows his subject well does not have to take forty minutes or an hour in order to tell the house his understanding of the subject and what he knows about it. He can do it in thirty minutes. It is an exceptional subject that requires more than thirty minutes to discuss. I do not say that a minister, or the chief of the opposition, or the leaders of the other parties might not take more than thirty minutes when they have a special question to discuss, but in my opinion almost any matter can be fully dealt with in half an hour.

There is another way of shortening the session; and I speak from experience, because I am one of those in the house who are guilty. I believe some hon. members make too many and too long speeches for propaganda purposes. I have had some of my speeches printed and sent to my electors just for propaganda, and I know some hon. members do the same thing. I see thousands of copies of speeches leaving the House of Commons, and very often they are just for propaganda. If you could cut out half of this propaganda, that would be a way of shortening the sessions.

I said what I have to say about the rules. I think they should be changed. I believe we should have a committee of this house to go over those rules and draw up new ones on which we could all agree. I have no doubt that under such rules the work of the house could be dealt with just as well as under the rules we now follow. I have no quarrel with anyone who disagrees with my point of view, but I do believe we could shorten our sessions by getting together in a committee and trying to work something out. That would take a lot of good will, a lot of objective thinking, and a deep sense of co-operation.

Mr. Gordon Churchill (Winnipeg South Centre): The hon. member for Halton (Mr. Cleaver), who introduced this resolution, drew attention to the situation in the British House of Commons and attempted to show that less time is devoted to parliament in England than

in Canada. To repeat a famous phrase, I think that is a "terminological inexactitude". I checked in the very volume to which the hon. member referred, May's Parliamentary Practice, fifteenth edition, to ascertain the length of British parliamentary sessions. I find that they had sessions of seven and one-half months before the war and eight and one-half months after the war, which rather exceeds the length of the sessions of this house.

The hon. member also referred to filibusters here, and suggested they had none in Britain. The all-night sessions they have had recently, however, would seem to come pretty close to filibusters. He also mentioned the debate on defence which took place there on March 5, describing it as lively and constructive, indicating the number of members who took part and the average length of their speeches. I would point out to hon. members that in that debate there was a better division as between the government and the opposition than is usually the case here. Eight members on the government side participated, with ten from the opposition benches. I think that indicates a greater element of freedom on the part of private members in the British house. I suggest it would be useful if we had the same degree of participation here by private members on the other side. Much as I enjoy listening to the ministers, there are many private members on the other side who have information which should be conveyed to this house.

The hon. member also indicated that in the British house the type of debate, attendance in the chamber and so on were much better, and he seemed to attribute that to certain rules they have which are not applicable here. I cannot see that there is a great deal of difference. There are occasions when the British house is crowded, when the atmosphere is tense and a great debate is in progress. There are also occasions in this house when there is a great air of expectancy, when the chamber is crowded and debate is lively and constructive. There are plenty of occasions in the British house when it is just as dull as it is in this house. I have sat in the galleries over there and have seen very scattered attendance. As far as I can see the only advantage they have over us is that the Prime Minister and those sitting in the front benches can put their feet on the table by the dispatch box, as I have seen Mr. Attlee do. I have listened to debates there that were no livelier than many debates here. After all, they go through the same routine. There are lively debates, and there are debates dealing with routine matters which do not attract much attention.

I suggest that Mr. A. P. Herbert's book "Independent Member" gives an idea of what transpires there; and it indicates that the situation is not very different from that in Canada. As hon. members will recall, Mr. Herbert was a member of the House of Commons for about sixteen years, during which time he was very active and influential. I am going to read one or two short passages from his book to indicate that things are not so different in the British house. If anyone imagines that everyone there pays rapt attention when a member is making a speech, let him listen to what Mr. Herbert says:

> There is movement everywhere. It is like making a speech in a beehive and those who remain motionless are not necessarily attentive, or even silent. Ministers and whips must confer upon the course of the debate, check facts and figures, read documents about something quite different. A member will come in with a resolution or amendment to another bill, to which he is seeking signatures. He goes from friend to friend, and there is a whispered colloquy with each . . . Then there will be a few couples having private conversations about their holiday plans, about the party meeting, about the latest scandal, or the by-election, or the pretty girl in the Speaker's gallery.

As to the reading of speeches, I agree with what was said by the hon. member who preceded me. There are occasions when it is helpful to a person to be able to at least refer to his notes. As Erskine May puts it in his book on parliamentary procedure:

> A member is not permitted to read his speech, but may refresh his memory by a reference to notes.

Then he goes on to say:

> The chair does not as a rule intervene unless appealed to, and, unless there is good ground for interfering in the interests of debate, usually passes off the matter with a remark to the effect that the notes used by the hon. member appear to be unusually full, or that the hon. member has provided himself with rather copious notes.

I think perhaps that is the best approach to that question. Now and then members of the British house read their speeches, and dealing with the preparation and reading of speeches Mr. Herbert has this to say:

> Mr. Churchill, they say, dictates the first versions of his great speeches; but what a time even that must take! Some humbler folk, like myself, are incapable of dictation: that is, being writers first and speakers afterwards, perhaps, we more surely find the satisfying phrase and sequence in the act of writing.
>
> At first, I used to write out every word of a speech and have it typed—not for reading but for remembrance. To get good phrasing and a lucid line—unless you are a Churchill or a King's Counsel—I still think this is best, though now I much resent the expense of time and trouble. After that, if I may advise the beginner, it is a good thing to write the heads of the argument, with any choice quotations or figures, on the back page, or a blank page, of the bill, white paper, or what-not. It is natural and proper to see a member flourishing the bill which is under discussion: and—who knows?—he may have jotted down those brilliant arguments during the debate. I find myself often repelled by the other method—by the member who has an

evident bundle of notes like a pack of cards. Sometimes, as each little page is done with, he puts it down on the bench beside him. Sometimes they are turned over like the pages of an almanac.

I believe that would indicate that they have the same trouble there that we have here. He instances, too, the difficulties facing a member of the house who finds himself without an audience. You might be interested in the following, speaking about a backbencher:

The backbencher must be in his place when the debate on the bill begins: but there is small chance of his going into action for two or three hours. The minister, whose opening is delayed, perhaps, till three forty-five, takes a leisurely forty minutes and the front-bencher on the other side is nearly as long. When he sits down it is five o'clock and most of the house goes out to tea, which is always hard on the Liberal spokesman, who is next. Your member, Mr. Smith, wishes very much that he could go out with the other happy members and have a cup of tea. But that would endanger his chance of being "called" by the Speaker, so he must sit and listen to this dreary Liberal (all other speakers are dreary when you are waiting to speak yourself).

I suggest that conditions in England are not so different from conditions here. I should like to deal with what the hon. member said about the allocation of time orders. Again he drew his example from England, and again I should like to quote from Erskine May's Parliamentary Practice, chapter 19, which mentions methods of curtailing debate, on page 454. It reads:

The principal methods available for the curtailment of debate on particular items of business in the House of Commons are the following:

1. The closure of debate (of which there are two principal forms) (i) the ordinary closure; (ii) closure on the words of a clause.

2. The selection of amendments.

3. The allocation by orders of limits of time for discussion.

Further on he says:

They are probably a permanent feature of modern procedure, but they are still felt to be an unfortunate necessity and not to be justified except against obstruction or by pressure of business. This is especially true of the first and third of these methods—

That is closure and allocation time orders.

—the employment of which has become decreasingly frequent in the last twenty years.

I believe the important problem that faces us in this resolution is the desire to impose a restriction on the rights and privileges of private members of the house. I would point out that there is no restriction on cabinet ministers, who may speak at great length on almost any occasion. In December the Minister of Justice (Mr. Garson) filled eighteen and a half pages of *Hansard*, while the other day the Minister of National Defence (Mr. Claxton) filled ten pages of *Hansard*, consuming an hour and a half. His counterpart in England took one hour of time in a similar debate.

[Mr. Churchill.]

I noticed, too, on looking through Beauchesne, which someone wants to destroy but which I think should be saved, that in 1943 on a non-confidence motion on defence preparedness the Speaker ruled that four ministers, who had in some way or another an interest in the matter of defence, had the privilege of speaking for an unlimited time. If that ruling should be invoked again it would place unusual powers in the hands of the ministers who are already powerful enough in so far as the rights of private members are concerned.

The proposal we have before us is part of the process of erosion of the functions of parliament. We are talking about reducing the time of the session, shortening debates, restricting the length of speeches and things of that nature. I believe that that is due to a misconception of the functions of parliament. Parliament is not an administrative body, it is what is known as a talking shop, a place for debate. We look to the cabinet and the civil servants to carry out the administration. Parliament's job is to examine government policy, legislation and expenditures, and to call for the redress of grievances before the granting of supply. There is no other way to do these things except to talk. I believe every member admitted to the house should have the same right to express himself as any other member, irrespective of his position in the house. He may have something to contribute to the debate which has not been thought of by others. Time and again I have heard it mentioned, although I have not been here so long, that the subject matter under discussion has been fully debated; everything has been said, so let us have a vote on it. It does not necessarily follow that everything has been said. Someone else may rise and throw some light upon the subject; consequently I am against any restriction of the debates in the House of Commons.

The length of speeches has been discussed many times, and it is not a new topic. It is mentioned in every parliament and I suppose in every legislature. It is often a topic of conversation for the general public. My interest in this matter was aroused last October when I found in the *Financial Post* of October 20, 1951, a headline which read, "How improve parliament's efficiency." The question which was submitted to a number of gentlemen across the country was, "What are your suggestions for improving the efficiency of parliament?" Summarizing their suggestions, it came to this: Members talk too much and too often. The most frequently voiced suggestion for improving

parliamentary efficiency thus becomes limiting the speeches, especially in debate on the throne speech and on the budget.

The gentlemen who made these findings were quite distinguished, some of them being experienced in legislative assemblies, but others were not. I do not propose to read out their names, but by occupation two of them were university people; four were editors; two were members of provincial legislatures and two were senators. I do not know whether or not that is effrontery on their part. Six of them were businessmen. However, they were expressing a general opinion with regard to parliament.

It has been suggested here that debates be limited to thirty minutes, and consequently the sessions would be reduced and everybody would be happy. I looked into this last fall to see just how much there was in that idea. I recalled that at one time debates were unlimited in the House of Commons, and that in 1927 the forty-minute rule was established. Therefore I looked back at the Journals of the House of Commons from 1900 to 1950 just to see what the situation was. I assumed that from 1900 to 1927—that is a period of 28 years—when unlimited time was allowed members in the House of Commons, the sessions must have been very long, and that after the forty-minute rule was introduced in 1927 the sessions must have been appreciably shorter. I found that the average for the 28 years before the forty-minute rule came into effect was 143 days, and the average for the 23 years after the forty-minute rule came into effect was 146 days. I suggest that reducing the speeches from the unlimited time to forty minutes was not the answer necessarily to the problem of the length of the sessions of parliament. On the basis of that examination, I fail to see how a reduction from forty minutes to thirty minutes would solve the problem that we are attempting to deal with here. If from unlimited time to forty minutes did not reduce the sessions, from forty minutes to thirty minutes is not going to do it either.

My observation, in the time that I have been here, shows that many speeches in this house do not run for the forty minutes. Some do, but not all run for the forty minutes. There are quite a number of speeches of ten minutes, fifteen minutes, twenty minutes and twenty-five minutes, and it balances out. Therefore I think the forty-minute rule is still a sound guide. In any case, I have been making an attempt to restrict my speeches to thirty minutes or under. I am afraid I am going to fail tonight, but I should like to have the right to speak for forty minutes, and by self-discipline try to restrict myself to twenty minutes, twenty-five minutes or thirty minutes, but I would still like to retain the right to speak for forty minutes. I do not think it should be taken away from anyone. If a minister of the crown can speak for an hour, an hour and a half, or two hours, surely a back bencher should be permitted to speak for forty minutes to explain to the minister how wrong he is.

We talk about the length of the sessions. As to the two sessions of 1951, I am not sure whether they established a record for Canada, but when I was looking through the *Journals* of the house I discovered that certainly up until 1951 the record for the length of a session was set in 1904. In that year they met on March 12, and adjourned on October 24. They had off only Good Friday, Easter Monday, May 24 and July 1, and two or three scattered days like that. There was no long Easter adjournment. They sat for seven and a half months, dealing with quite a number of very important problems, a great deal of railway legislation, immigration and I think redistribution. In that year they discussed the problems that we are discussing now. Almost fifty years ago, and at the end of a very weary seven and a half months' session, they spent a few minutes lamenting the fact that they had been away from home so long, and so on, and they made some suggestions as to what should be done in the future. A Mr. Boyd deplored the length of speeches. He suggested more preparation between sessions and condensation of speeches to fifteen minutes or twenty minutes. He referred to Cromwell's action in removing the mace and locking up the House of Commons, and estimated that no harm would result if the same thing were done in Canada.

A Mr. Robinson urged earlier commencement of the session and suggested that they should start say in January rather than in March. He pointed out the serious effect on a farmer who, in the year 1904, had to miss the spring sowing and the harvest. A Mr. McCreary thought that better preparation on the part of the government would help out, with the help of their office staff, and suggested that they start in December, adjourn for two weeks at Christmas, and then continue in January and attempt to finish in April. Mr. Borden, later Sir Robert Borden, suggested that the government should bring down its business earlier, and then the government spokesman—and we can all pretty well guess what he would say—who was the Minister of Trade and Commerce, Mr. Cartwright, made the suggestion that there should be shorter speeches and no *Hansard*.

This is not a new problem, and it is perhaps difficult to find a solution. I think we have to recognize the fact that fairly long sessions have to be held in the governing of the country of Canada. During the period when our population was about 5½ million, members of the house were spending five months engaged in their duties here. Now that the population is 14 million, five to six months seem essential. There are means of shortening the session, by using some of the rules which are established such as under special circumstances the moving of the previous question and the imposition of closure, if there is an obvious obstructionist move on.

If government business were brought down earlier in the session it would be helpful. If contentious legislation were brought forward earlier in the session, that again would be helpful; but generally I think it is a matter of arrangement and consultation among the various parties in the house. It has been obvious that, since the war, sessions have extended in length. This has been the practice in England. The House of Commons there and here find themselves sitting longer since the war than before. That is due in this country, as in England, to the development of the so-called welfare state, greater government interest in general affairs of the people, and the tremendous burden that is placed upon us by our difficulties in international affairs.

I would suggest that the hon. member who has introduced this legislation should reconsider the matter. I think that throughout it is aimed at the restriction of debate in this house, and that by arrangement and consultation between the parties many of our problems can be solved. We do not want to be forced into the position where stringent rules are applied, restricting in any way the liberties and privileges that have been built up in the House of Commons over many hundreds of years. It has been a slow process; it has stood the test of time. We can make the necessary adjustments here and there that will solve some of our problems, but I think we must recognize the fact, whether we like it or not, that the sessions, in order to conduct the nation's business, will have to be fairly lengthy.

I cannot say that I am enamoured of this particular type of life, but having put our hands to the plow we must stay with it until somebody decides that we should be retired. Under these circumstances, I think we must give our attention to the nation's business. I have noticed this. The very people who say, parliament talks too much, and it takes too much time, will be the very ones to criticize, if something is missed by parliament. They will be the first ones to say: No one raised his voice in the House of Commons, with regard to such and such a measure which went through in the dying days of the session. You cannot have it both ways. Either you must permit full debate, full discussion and full investigation of the business of the government, and you must devote the time to it, or else it would be simply a matter of assenting to most of the propositions that are put before us without investigation and without that close attention that surely is required from people placed in the responsible positions in which we find ourselves.

Mr. Maurice Boisvert (Nicolet-Yamaska): Mr. Speaker, at the outset of my remarks I should like to commend the hon. member for Halton (Mr. Cleaver) for having introduced today an important resolution with respect to parliamentary rules and procedures. I am not yet as familiar with the intricacies of those rules and procedures as is the hon. member for Winnipeg North Centre (Mr. Knowles), so I will confine myself to some general observations about this subject, that is to say, what could be done and what should be done to improve our parliamentary system.

No one can contest the right of this house to arrange and rearrange its procedures to fit the purpose of a sound and full discussion of the problems which have to be met efficiently by this parliament. The modernization of procedure is already an old question which has been debated in Great Britain and in Canada for many decades. Some improvements have been concurred in during the course of events which have taken place in this country. I do not want to use much of the time of this house but I should like to show that, in 1927, this parliament had been studying this question; and from the beginning of the century up to 1949 some improvements had been brought in. One of those improvements is standing order 37 which limits the speeches of members to forty minutes. The question that we should ask ourselves today is this: Is it possible again to reduce the time allowed to members for the discussion of issues brought before us, or are those issues so wide in importance that we cannot make up our minds within thirty minutes—

Mr. Cruickshank: Ten minutes.

Mr. Boisvert: —and bring, before this house, ample considerations which would help this chamber to take a proper decision? Let me quote the Speaker of that time, the Hon. Rodolphe Lemieux, who was elected

in the constituency that I have the honour to represent in this house. On resuming a debate on a similar question, in 1927, he said as reported at page 1345, of *Hansard* of March 18, 1927:

"On one occasion after the war, in 1920, I happened to be in the House of Commons, and the proceedings were most interesting to me. Asquith had been elected for one of the Scottish seats, Paisley, I think it was. He was introduced on that day, and he gave notice of a motion to consider the state of Europe after the war. That was surely a big issue. The motion came up the following day by mutual agreement between Lloyd George and Asquith. Asquith spoke for thirty minutes on the state of Europe after the war, and Lloyd George followed and closed the debate in twenty-five minutes. Surely a member can say all he has to say in less than forty minutes. I was in favour of making the limit thirty minutes. The best English ever heard in this house was spoken under closure, in twenty-minute speeches. The speeches were to the point, couched in excellent language, went to the root of the question, and delivered, I may say, with warmth and eloquence for fear of the guillotine. I say to the house, let us be practical. We say that we model our rules upon the English pattern. In England they have reduced materially the length of speeches. They do their business,—yes, and they administer the affairs of a great empire in rather short sessions of the house. Why should we be provincial in this matter? Let us imitate the great mother of parliaments; let us be broad-minded and businesslike.

I think that these considerations which were brought before the house, in 1927, could apply today for better reasons than those which were given in 1927.

The question of shortening the length of time of speeches in this house should be welcomed by the members of all parties. If we do not reach an agreement about the way of debating our problems, we are going to see the development of a by-product of discussions—I mean the filibuster. The filibuster is in great honour in the United States. By definition it is a way of preventing a government from adopting the legislation proposed to the country for the good of the country.

Mr. Cruickshank: Not necessarily.

Mr. Fraser: Good or bad.

Mr. Boisvert: It may bring satisfaction to some members and to some party of the opposition's side. It may be very pleasing for a party or for a member to see that they are or he is restricting legislation day by day, speech by speech, and inch by inch. But we are not elected for such a purpose. We are elected to make laws for the good of the country. We are elected to pass legislation which is supposed to affect the wealth of the nations.

Mr. Cruickshank: Like pipe lines.

Mr. Boisvert: By filibustering we do not achieve that aim of doing good for the country. To those who like filibustering I will say that, in the long run, it ruins the confidence of the people in the democracy.

Mr. Cruickshank: Oh, oh.

Mr. Boisvert: It brings ill effects to parties in the opposition.

An hon. Member: And to the government.

Mr. Boisvert: For many years we have been offered various ways of shortening the debates and shortening the sessions. I will say that Mr. Beauchesne—who is so often cited by the hon. member for Winnipeg North Centre (Mr. Knowles)—in 1943, in the preface to his third edition of his book on parliamentary rules and forms, recommended modifying our system in order to make it more elastic and better for the house. Mr. Beauchesne in his third edition wrote this:

"The procedure of the House of Commons was simplified by the amendments made to the standing orders in the session of 1927, but there are still certain deficiencies and it is imperative that special orders be adopted if the house wants further to expedite the passage of legislation."

It was imperative at that time that we should take further steps to improve the procedure in this house. Some good suggestions were made then. He recommended that an attempt be made to reach agreement between the various parties so that speeches could be shortened and debate reduced to a few hours of debatable subjects. If we are to take days and days, weeks and weeks and months and months discussing matters, as we did last session when dozens of speeches were made repeating the same thing, I do not think it will be good for this parliament. We live in a country where speed is the main thing. When everything goes fast, we in this parliament should not have to sit and listen for long hours to the discussion of matters which are of no interest even before the debate is closed.

For two months last session we discussed certain subjects but during this session we have heard nothing about them. That indicates that the interest which seemed so apparent toward the end of last session has faded. This has been the case with many other debates. I am strongly in favour of the resolution introduced by the hon. member for Halton because I have faith in democracy, faith in freedom of speech and in freedom of discussion.

No one has said anything to convince me that it is the intention of this resolution to

do anything that would interfere with freedom of speech, freedom of debate and freedom of discussion. It has been said: "that to be a slave of old tradition is as great a folly as to be a slave of new quackeries". I think we have heard and seen many quackeries since this parliament has been charged with the administration of the country. Let us get away from these quackeries and be simple and natural in our arguments. Let us provide rules for our parliamentary system for the good of the nation and the best of our parliament. Now I would like to say a few words in French and I shall be quite brief in the remarks I intend to make in my own language.

(Translation):

Any institution, excellent though it may have been and still may be, which does not reform, loses its power of resistance through the ravages of time and of public opinion. The natural political evolution of a nation calls for reform. It is far better to adapt our parliamentary forms to this inevitable change than to see the very foundations of our system shattered, sooner or later, by disastrous revolutions.

A nation's parliamentary system may be compared to the shores of a continent. It is wonderful to see how, against the blows of the waves, continents take on shapes which reduce the effects of this incessant beating upon their shores.

That is why I would like this parliament to have, from time to time, control over its own procedure so that it may be adapted to our times. Speed is a characteristic of the present day. While everything, save parliamentary debate, moves with ever-increasing rapidity, we spend endless hours discussing subjects which, in a great many cases, cease to have any importance, even before the debate is brought to a close.

I therefore support, most enthusiastically and with the greatest conviction, the resolution moved by the hon. member for Halton.

(Text):

I want to congratulate the hon. member for Halton on having brought before the house a matter which is of such importance to Canada.

Mr. G. A. Cruickshank (Fraser Valley): Mr. Speaker, I should like to take only a few minutes of the time of the house. I think I should be given credit for having introduced a similar motion in 1940. I have never read a speech yet and I do not intend to. The only speech I have ever read was one written for me by Torchy Anderson, a member of the press gallery; Blair Fraser; the Minister of Agriculture (Mr. Gardiner); and Mr. Brockington. I read that one into the record and it sounded fine to the people at home, but I have heard lots of other stuff. I have listened to the hon. member for Temiscouata (Mr. Pouliot) and I have listened to other hon. members of this house since 1940.

I told you how you could reform the other place and I want to tell you how you can reform this place. I placed all this on the record in 1940. There are just two simple rules that need to be enforced. I mentioned before how two members from the press gallery and two distinguished gentlemen had written the only speech I ever read. I do not know which one was the worst. Probably my reading was.

If you would enforce the rule that speeches be not read and limit speeches to a maximum of twenty minutes, we could improve our proceedings. I can say without fear of contradiction that there are not five members in this House of Commons who can make a speech lasting forty minutes that is either interesting or entertaining. If you enforce that rule I will keep under twenty minutes and I will not read a word of what I have to say. I am quite well aware that I can have an excellent speech written for me by somebody else that I can put on *Hansard* and send out to my constituents as these gentlemen do who read their speeches.

An hon. Member: Not all of them.

Mr. Cruickshank: I do not care whether you like it or not. Any man who reads his speech must have had it written for him by somebody else.

Some hon. Members: No, no.

Mr. Cruickshank: I have never read a speech yet. The hon. member for Winnipeg North Centre (Mr. Knowles) will make a speech on anything at any and all times. I admit that, but I want to say, so far as Fraser Valley is concerned, that despite what the hon. member who introduced the resolution says, nobody is going to limit me when it comes to speaking on any subject if I see fit to do so on behalf of my constitutents. I say this is the solution, and some of the junior members to my right might listen to this. When the member moving the address in reply to the speech from the throne and the seconder only speak for twenty-one minutes and all from memory we do not need forty minutes to say what wonderful ridings we have, and members of the house do not need to take five minutes to extend congratulations to the mover and seconder on the wonderful speeches they have made. That is nonsense. Let us get down to the two rules. Limit any

speaker to twenty minutes and entirely eliminate the reading of speeches that in ninety per cent of the cases are written by somebody else.

Mr. Daniel McIvor (Fort William): Mr. Speaker, I have a few words to say.

An hon. Member: Do not read it.

Mr. McIvor: I agree with the hon. member who has just sat down. I would also pay my tribute to the hon. member for Halton (Mr. Cleaver) because he prepared his case so clearly and did not read his speech. The hon. member for Peel (Mr. Graydon) said that we do not want a little ring. That is what we want to eliminate. There are too few members occupying most of the time of the house. What has happened in this debate? The hon. member for Halton introduced the question. One member from the Progressive Conservative party, one from the C.C.F. party, and one from the Social Credit party, representing one-third of the membership of the house, take more time than those representing two-thirds of the membership of the house. That is not a proper proportion.

I agree that no member should need forty minutes with the exception of the leaders of the parties and, as the hon. member for Fraser Valley (Mr. Cruickshank) has said, a member should not need to read his speech if he has had time to prepare and think about it for days and days. If he cannot remember it when he comes into the house how can he expect hon. members to listen to it when it is poorly read? I do not think we need forty minutes. When we were students we were told that a short address with more punch in it was far more important than a long dry address with energy left out.

An hon. Member: That is a long time ago, Dan.

Mr. McIvor: I have only been in the house a short time. At least, that is what it seems to me. In that period I have seen two reforms. Last year the hours were changed and this year we are back on the same old hours. I think we should adjourn at ten o'clock at night and that a man should be able to go home and sleep a little while before twelve. The other reform we have had is that ladies were allowed to go into the gallery without their hats. We have that reform today. Perhaps we will see more of it in the spring of the year when they are getting tired of their old hats anyway. I think that the ladies should be allowed to knit in the gallery. There are clubs knitting for the Red Cross, war services and relief causes. If the ladies got tired or could hear somebody then they could knit, enjoy themselves and serve their country.

There is another reform I should like to mention. I have spoken of it before. You, Mr. Speaker, stand up reverently in the house and lead us in worship but the galleries are empty. Not even the representatives of the press are allowed to enter. The prayer you use in your service is in keeping with the teachings of the Great Teacher who said that whosoever will may come. I hope that this reform will take place soon and that people will be allowed in the gallery to join with us in bowing their heads and worshipping the Supreme Being.

I know that a book on science ten years old is out of date with the exception of the science of government. The science of government certainly does need to be reformed, and the hon. member for Halton said that the rules of the house need to be amended and improved. If we do not improve them it is a sign that we are not doing what we should, but the word "liberal" means reform without any "pro" before it or "co" or "so" tacked on it. It means that we can grow and reform.

Mr. J. A. Bradette (Cochrane): Mr. Speaker, I shall not be very long in presenting a few of my viewpoints about the rules of the House of Commons. Before I proceed I want to pay a tribute to the hon. member for Halton (Mr. Cleaver) for his resolution which has given us an opportunity to discuss at some length a matter that has not only been before the public but before parliament for many years; namely the reform of the rules and procedures of the Canadian House of Commons. A day such as this makes every parliamentarian and every Canadian realize the logic, the artistry, if I may call it that, of the British parliamentary system on which our own parliamentary system is largely based. Early in the session there is an opportunity to discuss resolutions brought forward by private members. I do not believe there are many democracies that have perfected that system to such a degree, and I for one, although I am in favour of the drastic changes in our present procedures and rules, will go slowly as far as some of them are concerned because after all we are considering procedures which have been tried and tested not only for years but for centuries, but which in our times are not fulfilling their purposes.

I want to say a few words about a statement made by the hon. member for Winnipeg South Centre (Mr. Churchill). He referred to the time taken by ministers of the crown. I think it would be unfair for me to mention the time of the house that has been taken on

some discussions, and rightly so, by the leader of the official opposition (Mr. Drew) for the simple reason that the leader of the official opposition, no matter what the hon. member for Winnipeg South Centre may think, has more responsibility than the average member of parliament. The same principle applies just as forcibly, if not more so, to the ministers of the crown and particularly the Prime Minister (Mr. St. Laurent) because after all they have the responsibility of bringing legislation before parliament. They have the responsibility of presenting it in a forceful and clear way and of presenting it in a manner that will be understood by every member of the House of Commons with all the necessary details. That is why I do not like that kind of reflection and comparisons are generally odious. I do not like the insinuation that ministers of the crown have been taking more time than they should have. I for one have been here for many years and I have never found a case under any conditions or circumstances where I felt that I had the responsibility on my shoulders that a minister of the cabinet has on his, and subject to criticism if their statements were not fully and clearly presented.

I also listened very attentively this afternoon to the speech of the hon. member for Peel (Mr. Graydon), who was very active on the rules committee last year. In his remarks I thought he showed good judgment, as he does in all instances; but there was one thing with which I do not agree. He almost regretted that he did not read his speech this afternoon. Let me tell the hon. member that while his remarks may not read so well in *Hansard*, while the phraseology may not be just as chiselled as he would like, his personality with vibrancy was brought to us this afternoon; his eloquence was displayed once again. That is something you cannot put in print; yet it was felt in this parliament and in the galleries. So on that score alone I believe the house will gain a great deal if speeches are not read. The hon. member for Portneuf (Mr. Gauthier) thinks the reading of speeches is a good thing for the house. My view is that this House of Commons is becoming more and more like a conference or a reading room; and that was never the intention that it should be so. I know my own constituency sent me here and after receiving their directive and after having been in contact with them for many years, and they want me to express their sentiments as I understand them, no matter how bad my delivery may be or how poor my English pronunciation.

Another practice in this house which I think is deplorable, and which has come into being only in the last thirty years, is the quoting of citations from newspapers, editorials and periodicals. It almost seems that some hon. members are not able to put two words together unless they have a quotation to help them. This is not parliamentarianism; they are not expressing their own sentiments. I think it would help shorten the sessions if all members would try to express their own ideas, as I know they want to, and express themselves in a very practical way, which they can always easily do.

When I make that statement I have in mind one of my dear colleagues from northern Ontario, the hon. member for Timiskaming (Mr. Little), who is ill at the present time and for whom we all hope a speedy recovery. In all the years this fine man has been in the House of Commons he has not spoken more than half a dozen times, and never more than five or ten minutes at a time. But his speeches were right to the point; they were logical, and were appreciated not only by members of this house but by his own constituents, and he gave all his time and talents to his duties as an M.P. That is the kind of parliamentarianism my electors at least expect from me, and that is what is expected from all of us.

So I do not believe members should be allowed to read their speeches; and when I say that, Mr. Speaker, I mean no reflection upon you, for I believe you have done a wonderful job if any Speaker ever has. A member may have been helped in preparing his speech, but he should make a point of giving it in his own language; he will give a better speech. I remember one occasion when two very good members had well written speeches which I do not believe they took time to analyse or scrutinize. The first thing they knew they were saying some things in this house they never intended to say and for that reason alone they were defeated at the next election. These are things which are worth considering by a member of parliament.

As far as I am concerned I hope and pray that rule will be implicitly obeyed; and that is quite possible. I do not say the Prime Minister or the members of the cabinet or the leader of the opposition or those who speak for them should not be allowed to prepare their speeches, because it would be impossible for them to improvise on the very important problems they have to discuss. As far as the average member of parliament is concerned, however, my experience is that if he is left to himself he is much more eloquent and receives much more attention from the house and also from the galleries if he does not read his speech.

As most hon. members are aware, for three years I served as Deputy Speaker of the House of Commons. That was during war, when we were dealing with the war appropriation bills, which concerned nearly all departments of government and which dealt with billions of dollars. During those years we spent three or four months on that bill alone. One of the things I cherish about those years is the wonderful co-operation I received from every section of this house. One day a member of the Progressive Conservative party thought he had been harsh with me, and before we adjourned at six o'clock he came over and said, "Joe, I am very sorry." I replied, "Don't be sorry. I know what you said came from the head, not from the heart." It was always a surprise to me that under our rules we could get through our sessions during the war years in five, six or seven months. If hon. members had not tried to play the game and to abide by the rules it would have been possible to spend the whole year here.

Of course we all realize, as the public realize, that to be elected in our own constituencies we must have something of the gift of the tongue, we must be able to express our sentiments. On every measure that comes before this house there is the natural temptation for each of us to get on our feet and speak. You can readily realize what would happen if we followed that impulse. We all understand that a certain amount of individual and collective discipline is necessary on the part of hon. members. This afternoon the hon. member for Winnipeg North Centre (Mr. Knowles) mentioned party discipline and referred to the whips and so on. I can tell the hon. member I have been here for over a quarter of a century, and I still have to hear from the whips any directive as to how I should vote on any matter. I say that very sincerely. After all, we are free people when we come here. We are the masters of our own actions and only responsible to our electors. At the same time I am sure the hon. member and his own leader realize perfectly well that unless a certain amount of direction is given within all the parties the result will be chaos, not only within the party but in our whole parliamentary system in most of our activities. So I hope such charges will never again be levelled, because I cannot visualize a single member of this house being a servile servant either to a whip or to his own party and I never heard of a whip using undue pressure.

At the same time there is need for a certain amount of co-ordination, and I speak very feelingly on that score. At times measures brought in by our own government are not very popular in some sections of the country. I will always remember one budget a number of years ago, when Mr. Ilsley brought the Canadian dollar to par. That was a blow to the gold mining industry of my section, as it was a blow to the constituency of the hon. member for Timiskaming. It would have been easy for me to vote against my own party on that measure, but I knew that in bringing the Canadian dollar to parity the government was doing a thing which was good for Canada as a whole; and when I received a mandate from my people it was not to represent just my own constituency but to represent the whole of Canada, because this is a central house for Canadian politics. So we went into our constituencies and told our people that though the measure was going to hurt a fine industry, at the same time it was better for Canada and the Canadian people as a whole. As a result we were never criticized on that score, as our constituents understood the situation.

I repeat, and I address myself particularly to the hon. member for Winnipeg North Centre, that there is no such thing as trying to make slaves of us as far as the party is concerned. That would not be Canadianism; that would not be any part of the Canadian system. I do not believe he ever tried it in his own party, and I think that statement applies equally to other parties in this house. We are free men representing free people in a free parliamentary institution. If parliament should decide to pass this resolution I believe it would solve most of the problems we are facing at the present time; it practically means the implementation of all the changes that we intend to make.

I repeat that if everyone wanted to speak on all subjects it would be utterly impossible for parliament to finish its work within twelve months. It is not fair for members to say that they must speak on all occasions, because if this was done the work of parliament would never be done. For instance, only last Friday that fine newspaper the Montreal *Star* mentioned the fact that after the minister had spoken in the debate on national defence, there were no spokesmen from the Liberal side. To some extent there was an insinuation or a criticism of this party. I cannot believe, as some members say, that the opposition members have a greater obligation than the members on this side. After all, we also have a responsibility towards our constituents and to this parliament. If we wanted to use mathematics as a basis, which cannot be applied to any parliamentary system, it would be possible for us on this side to speak as often as the members on the other side.

What would be the result? The session would be prolonged almost indefinitely, but there would be no reason for criticizing those on the government side, if they decided to do so.

For five years I sat on the opposition side of the house, and to some extent they were happy years because we could express our sentiments on almost anything; we could get on our feet almost any time. However, as a man who has been loyal to his party I do not wish to make an issue of it because it is a good party with good leadership. The same thing applies just as forcibly to the other parties. The members belong to good parties with good leadership. For instance, sometimes I have had to follow the directive of the Minister of Public Works (Mr. Fournier) when he has said: "Joe, spare us one of your fine speeches today because we want to get through with the measure." I complied with the request, which was a fair one. I never spoke on these matters, and I have never regretted it. It is possible to have these limitations within the other parties, and it would make for better results in our deliberations.

This afternoon the member for Peel put forward some new aspects of the subject, and I admire him for it. However, he tried to strike quite a blow at the ministers by saying that before the orders of the day are called on many occasions they make lengthy statements to the house. If I correctly understand his party's views on several occasions they have blamed the government for not giving enough information, so I do not know where the ministers should begin or stop. After all that is the proper time for a minister to give the house information to answer questions, some of them asked the previous day. So far as I am concerned personally, I feel that the member for Peel is very glad of the information given. Under our system it is possible for the government not only to give information through members of the cabinet but also through private members who may express their sentiments, and this is always conducive to good legislation.

Although I do not believe in the motto I often hear it said that the primary duty of the opposition is to oppose. In my opinion that principle is not dynamic enough nor strong enough, it is too sterile, too static. The opposition has a duty to be more than passive. Without divulging any secrets I may say that when I was deputy speaker the fine old gentleman who was on my left used to say to me on several occasions that one of the great features of the Liberal party was that anything good propounded by the Conservative party or any other party was made their own in no time. This could be one of the good features of the opposition parties too, and the mere role of opposing is not constructive enough to be helpful to that party.

Last year I was in favour of the sitting hours that we adopted, although in my own mind I was not convinced that it would be conducive to shortening the session. Unless we shorten the length of the speeches to at least thirty minutes, then I do not know where we would end. You cannot cut down the time of sitting, and at the same time maintain the length of the speeches without lengthening the session. It is humanly impossible. I say that quite sincerely. If we were not in favour of shortening the speeches we would come to the same situation we face in all sessions. Towards the end of the session, after we have had a general discussion on nearly all the measures and all the departments leaving only the statutory items, about which most of us can do nothing, we would have to stay here three or four weeks, sitting mornings, afternoons and nights, just as we have done in the past. This is a terrific ordeal for every one of us who has to stay until the end of the session. I repeat that if we want to modernize our procedure we must, to some extent, copy the British parliamentary system and adopt the suggestions in paragraphs (a) (b) (c) (d) (e) of the resolution.

We would not lose very much by adopting most of the British system. I do not mean that these changes should all be made this session. We should try to eliminate repetition. When I was the deputy speaker—I am speaking to you from my experience—the most difficult problem was to keep speakers on the subject. When we considered the estimates of the Department of National Defence, for example, we had a general discussion on the administration item which at times lasted for days. When we were considering the different items it took me all my time to keep members of parliament on the beam, as we say. You cannot make human nature other than it is—and it is a fine thing that it is so—and that illustrates to some extent the urgency for the allocation of time during the speech from the throne and the budget debate, as well as some important governmental measures on which a lot of leeway is given to the members of all parties to express their opinions but the number of speakers should be very limited. For instance, take the government party. On a certain measure two or three members will speak because they are familiar with the problem. The same principle should be applied in the same manner to the other parties. They all could

have two or three members who are studying the matter mentioned in a certain bill, and they would be the only ones that would speak on it. It would be quite easy to know in advance how many speakers there would be on each subject, and then you could allocate a certain time for the debate. If we adopted that method, it would be one of the finest ways of modernizing the procedure in this house.

It is true that some members of parliament believe it is necessary for them to speak, otherwise some of them will not be here after the next general election. They are afraid their opponents will say, "We have paid you $10,000 for one year and you never made one speech". So far as I am concerned, if I look after my departmental work, if I am active in my committee work, if I look after my correspondence carefully, if I receive my constituents as visitors in my home—I never keep any office hours—I need never worry about the next election, even if I did not make a speech here. After all, there are several other ways for members of parliament to utilize their knowledge, their activities. There are committees of this house in which members could spend a lot of time, and their time would be usefully employed. I do not say this in a critical way, but I notice that some members who are great debaters on the floor of the house are often not very active committee men. In my opinion that is a sad thing because those men, with their fine analytical minds and with their knowledge of certain aspects of our Canadian life, could do a marvellous job in committees, although they would not get the same publicity there that one gets on the floor of the house. Speaking personally, I spend at least four or five hours every week in government departments working for my constituents, and that takes up quite a bit of time and activities. I do not believe members of parliament need to worry if they do not make speeches in the House of Commons because their constituents would be quite satisfied if they realized their representative was being a true servant of the people.

I thank the house for the kind attention it has given to me, and I wish to compliment again the hon. member for Halton for his fine presentation. The discussion has been good. It has been an illuminating discussion because many many angles have been brought forward, which have not been brought forward heretofore in the House of Commons and all speakers expressed themselves forcibly. All through the thread of the discussion you could readily see the demand, the inner demand, of every member of this house to see the rules of parliament revised and modernized.

Even during this debate, and in previous debates, owing to the heavy national majority that the government has, there was talk of steam rolling and so on, which statements are simply ridiculous. Well, I must make this statement. Perhaps the time is not over-ripe to amend our rules of procedure, but the time may come before very long that we may have to do it. Public opinion will request it because, although this is not a business organization or institution, we must to some extent modernize every aspect of our parliamentary system realizing the new situations and conditions that we have to face so that every member of parliament will be given an opportunity to take part in the activities and thereby conduce to shorter sessions. If we do that I believe that we shall be accomplishing great and needed work. I repeat, the time may come, even if the house is not unanimous in the reform and in the amendments to the rules of the house, when the majority in the house may have to have its voice heard on that score and have these changes passed by the majority.

Last year we put into practice some new experiments in the rules committee under your fine leadership, Mr. Speaker. We came to a unanimous decision only on the hours of sitting. When we came to the shortening of the time of the speeches we did not have a unanimous decision. We cannot have one without the other. In this matter, as in all others, it is a matter of compromise, of give and take. I make this appeal to every member of this house. Forgetting party lines, forgetting party affiliation, let us put our minds together and modernize our parliamentary rules so that those who come after us will be very thankful indeed for what we have done, which will mean not only a lot to our parliamentary system but also to the whole of the Canadian nation.

Mr. H. P. Cavers (Lincoln): Mr. Speaker, before coming to this House of Commons I had formed the opinion that the debates that took place in this house were fixed and set by a direct set of rules. Since being in the house I have not become an authority on those rules, but I did not need to be an authority to find that the state of perfection which I had thought existed in this house does not exist at the present time, and that the rules are greatly in need of amendment, and that it is time that we brought the rules more in line with the present-day needs, as set out in the resolution presented by the hon. member for Halton (Mr. Cleaver).

The previous speaker, the hon. member for Cochrane (Mr. Bradette), has stated that eventually we shall be obliged to amend the rules of this house because of the criticism of the public. I think there has been criticism by the public for many years. In fact, I am informed that it was the late J. W. Dafoe who described a parliamentary debate as that vast repository of talk. We have had various criticisms of the way in which the business of this house has been conducted. Some lengthy sessions have become longer and longer. It is my opinion that these sessions have been extended because of the length of the speeches that have been delivered in the House of Commons.

The hon. member for Winnipeg North Centre (Mr. Knowles) made the statement this afternoon, or implied, that a member was not doing his duty unless he spoke at great length in the House of Commons. To my mind that is not the sole duty of a member of the House of Commons. As has been said by the hon. member for Cochrane, there is correspondence, departmental work, and many other things in the riding that have to be taken care of. I believe that the people of our constituencies—and I have talked to many of them—expect their business to be conducted in an efficient manner and with dispatch. They wish action and a great deal less verbiage in the house. I do not know whether hon. members are aware of the fact that by June of 1952 this parliament will have been elected three years. Out of the three years or thirty-six months that we shall have been elected, we shall have spent in session in Ottawa twenty-five months. Out of the thirty-six months we have had the opportunity to be at home for only eleven months.

It seems to me that the business of a member of parliament is not confined solely to debates in the House of Commons. I think a member has an obligation to get out about his riding and find out what is going on in the particular constituency that he represents. The way that we are going on in this house, we are apt to be living in an ivory tower in Ottawa out of touch with the common people who elect us and send us here to do their business. It is about time we had the opportunity to return to our home constituencies for a portion of each year, when we would have an opportunity to go out on the highways and by-ways of our constituencies and talk to the people and get an idea of what they know and what they feel about the issues that are being discussed here in the House of Commons.

Mr. Gibson: They are not so dumb.

Mr. Cavers: I agree that the business of government has become more complicated in the last twenty years, but it is not necessary to prolong debate in order that we may have a reasonably lengthy session. People in Canada are concerned because we cannot finish the business of the country in a five-month session and we are obliged to have two sessions each year. I wish to quote an excerpt from a recent editorial in the Ottawa *Journal*, which reads as follows:

> Every member of parliament knows well that there is atrocious waste of time in parliament, debates which sensibly could be confined to a day are dragged on through weeks in complete futility.

Of course there is such a thing as freedom of speech. No one in this house denies the right of freedom of speech to those members who are elected to do the country's business; but as I have seen parliament in action, I am convinced that there is a repeated and persistent abuse of that privilege. Freedom unbridled may become licence. That is why I say I commend the hon. member for Halton for the resolution which he has placed before us tonight. I think there is a great deal of merit in that part of his resolution which limits the time of speeches in the debate on the speech from the throne, in the budget debate and in any other particular debate.

No hon. member need feel that he will not have an opportunity of expressing himself in this house. I have yet to see the time when any hon. member has been refused the right to speak during any of the debates, and I believe that would continue if a limited time were placed on each debate. Then, I think the time of speaking could be reduced from forty minutes to twenty minutes. When I was a law student some years ago, I recall very well a lecture by a former member of this House of Commons, and an eminent counsel, Mr. Arthur G. Slaght, Q.C. Mr. Slaght on that occasion told members of the class that it was impossible for the average speaker to be able to hold the attention of any group, particularly a jury, for more than half an hour. I am sure there are few members in this House of Commons who can hold the interest of the House of Commons for longer than twenty minutes, and do it successfully. Therefore I congratulate the hon. member for Halton. I hope that this resolution will come to a vote, and that it will receive the support of the majority of the members of the House of Commons.

Mr. E. D. Fulton (Kamloops): Mr. Speaker, it has been said that soul-searching and self-confession have certain advantages. Indeed I remember an occasion—I think it was just at the spring session of last year—when somebody who perhaps was not over-charitable said that the Senate had never discussed anything so intelligently as when

it discussed the necessity of reforming its own rules. Applying the same feeling, I suppose one might say that the House of Commons is probably never more profitably engaged and never appears in a better light than when it is confessing its own faults, admitting its shortcomings and trying to find ways and means of devising improvements in its procedure.

That is what we have been doing a good deal of today. From what we have heard, it seems that many members feel that the house wastes too much time. There has been a process of self-accusation. If that self-accusation results in true penitence and reform, I suppose that some good—perhaps more than appears on the surface—will have been accomplished. This thought reminded me that there is an apt verse in the bible—and I found it in chapter 15 of St. Luke—which I have just obtained from the table. I may say that I found it with the help of the hon. member for Winnipeg North Centre (Mr. Knowles), who is an authority on many subjects.

An hon. Member: The bible too?

Mr. Fulton: It is verse 7 of chapter 15 of St. Luke, and it reads as follows:

> I say unto you, that likewise joy shall be in heaven over one sinner that repenteth, more than over ninety and nine just persons, which need no repentance.

An hon. Member: Actions speak louder than words.

Mr. Fulton: I think you will perhaps see, Mr. Speaker, that considerable good has already come from this debate, in signs of repentance on the part of hon. members. We in the opposition here have heard accusations oft repeated—and with, I think, a good deal of sincerity—that we take too much of the time of the house that is, that numbers of members of the opposition, out of all proportion to the actual size of the opposition parties, monopolize the discussion in the house at the expense of the unfortunate but numerically larger government party. I am sure that you will have observed, Mr. Speaker, that we have already taken those admonitions to heart and that so far there have spoken in this debate seven members of the government party as against only four from the opposition benches.

An hon. Member: You will make up for that.

Mr. Gibson: How long have they spoken?

Mr. Fulton: In the course of this debate we have already heard a great deal about the question of filibuster. "Filibuster", of course, is a word which is applied by those who wish to put through a measure and who find themselves opposed. It depends entirely on the point of view with which you approach the measure, as to whether you call the speeches made for or against the measure a filibuster or constructive criticism. Bearing in mind the fact that seven members from the government side have spoken today—when, under our rules, debate on the resolution is strictly limited to the one day, as against only four from the opposition side—one wonders whether these members are indulging in a form of filibuster or merely in constructive criticism of the practices and procedures of this house.

Mr. Sinnott: How do their speeches compare in length of time?

Mr. Fulton: We have already heard a good many suggestions, in addition to those set forth in the resolution by the hon. member for Halton (Mr. Cleaver), as to how our procedure could be improved, and how we could save the time of parliament and shorten the session. I should like to make a suggestion. This is the first one; perhaps I shall have more to make later. I think that this suggestion would be just as easy to implement and that there would be just as much agreement as to its desirability and as to the methods by which we might have it implemented, as there will be on any of the other suggestions which have been presented to you, Mr. Speaker, in such profusion in the course of this debate. My suggestion is one which will appeal particularly to the hon. member for Fraser Valley (Mr. Cruickshank), who contributes so succinctly, although so seldom, to the debates in this house. My suggestion is that a method should be found of dealing with those long Thursday-to-Tuesday week ends indulged in largely by the members from Ontario and Quebec.

Some hon. Members: Oh, oh.

Mr. Gibson: That is not fair. They work harder than we do.

Mr. Fulton: I must point out, Mr. Speaker, that I am not attributing any blame. I am merely pointing out the fact. If that problem could be solved and if somehow or other the members from those two provinces could be made to realize that, in fact, the House of Commons is just as attractive a place over the week end as are their home constituencies, I believe that we should be able to get through the work of the session in considerably less time than that which is now taken.

Mr. Gibson: No. They speed it up by going home.

Mr. Fulton: You well know, Mr. Speaker, that it is inevitable and natural that when a

practice such as this is recognized and has practically come to have the force of law by virtue of custom, it must follow that during that period none of the really serious work of the session or none of the serious legislation which may result in votes is taken into consideration, as a rule, on Fridays or Mondays. I throw out the suggestion not in any spirit of criticism but merely as seeking to call the attention of Your Honour and of the house to a problem which faces us and one whose solution, I am quite sure, is not beyond the powers of sagacity which you, Mr. Speaker, have shown you possess in such generous measure.

Mr. Cruickshank: Will the hon. member permit a question?

Mr. Fulton: Gladly.

Mr. Gibson: One Rhodes scholar to another.

Mr. Cruickshank: Through you, Mr. Speaker, to the hon. member—and to the one absentee member from British Columbia; and I am not referring to the hon. member for Kamloops—may I ask the hon. member if he would agree that those of us from British Columbia, Nova Scotia or Newfoundland should have at least two passes a year on Trans-Canada Air Lines in order to compete with the former members from British Columbia who now reside in Ottawa?

Mr. Fulton: Mr. Speaker, I will not express any opinion on the merits of the suggestion with regard to passes on Trans-Canada Air Lines. I would, however, say that it would vastly increase the difficulties of the whips of all parties in maintaining a quorum in this house—

Mr. Cruickshank: Never mind the whips.

Mr. Fulton: —if, in addition to the members from Ontario and Quebec, it were made possible for the members from farther away to get home over the week end.

Sometimes I think that we should be serious about these things, and that we should ask ourselves the question whether, in the long run, we shall do ourselves or anybody else any real good by debating so seriously the question of improving our methods here and increasing the efficiency of the House of Commons.

I am not always certain that it is a good thing to be purely efficient. I am not certain that we get only advantage from subjecting ourselves to the suggestions of efficiency experts. I was impressed by something which was said by the hon. member for Winnipeg South Centre (Mr. Churchill) in the course of his speech this afternoon when he spoke about the problems which confront a member of parliament and the serious tasks which he has to undertake. One thing has impressed me in the course of my comparatively few years as a member of the house, and it is this. I do not think that there is anything that the members of parliament could do by way of improving the procedure here which would really meet with the approval of the people of Canada. I think that they to some extent rather like to have the House of Commons and the members of parliament whom they can always make the butt of a useful joke. That is something that is useful to a man looking around for some story to tell in a meeting.

A member sometimes gets the feeling that nothing he can do is right. If he talks in the House of Commons, he is accused of wasting time. If he remains silent in the House of Commons, he is accused of lack of interest and letting important legislation go through that is full of flaws and defects which he should have pointed out and brought to the attention of the government. If the session is long and a member stays here during the whole session, he is blamed for not coming home and meeting his constituents and for getting out of touch with the people at home. On the other hand, if he skips part of the session and goes home and is seen around his constituency, he is wrong again and is accused of being overpaid, never seeming to do any work at Ottawa. I did not know that members of parliament can ever really become perfect.

Mr. Cruickshank: I am.

Mr. Fulton: I am glad to know that there is one perfect member in the house. It increases one's faith in human nature and in our parliamentary institutions. It seems to me that the important thing to do in this parliament, as in any other human institution, is to make the best of the resources which are at our disposal. The resources which are at our disposal here are the human resources made up of the sum of the members of parliament who are here trying to do the best they can for their country and their constituents.

While it is true that we must occasionally give serious attention to the methods and procedures under which we work, I feel very strongly that it would be most unwise for us to take a resolution of this sort which is written down on the order paper containing suggestions which have been worked out conscientiously and simply to say that those are the changes we are going to make regardless of the opinions or feelings of those who

have some doubt as to the extent to which it will curtail the right of debate.

I do not want to repeat what has been said many times this afternoon, but I think it is important to remember that parliament is a forum for discussion. That is what the word means. I do not want to be disagreeable or critical, but I certainly must take issue with those who say that the sole function of parliament is to pass legislation. I submit most earnestly that one of the important functions of parliament is to examine legislation before it is passed. In my view that is the reason why our rules have been worked out even to the point of being in the view of some hon. members cumbersome, defective and inefficient so that it is hard to get legislation through quickly.

I should like to make one or two perhaps more serious remarks. I do agree that there is a necessity for an overhaul, perhaps improvement and some streamlining of our procedures. I sometimes think of the rules of parliament as they are in existence today as being something like the one-hoss shay about which Oliver Wendell Holmes wrote, the one that was built in such a logical way that it run one hundred years to a day and then all of a sudden, as the poem goes on, ah, but stay, I will tell you what happened without delay.

It would take me a long time to tell you what has happened to the rules of parliament, but I do believe that they are in danger of suffering from what happened to the one-hoss shay. If we do not patch them up, if we do not revise them, if we do not streamline them, if we do not try to bring them more into conformity with fundamental things, one day they may collapse about our ears in a manner similar to the one-hoss shay. The time may come when resentment builds up to such a point that we may perhaps be irritated, if you like, or consider ourselves forced into doing something rash and reckless and extreme with the rules which would result in an improper limitation of debate.

I think it is useful for us to look at our rules and I think we should approach them with the recollection that these rules were devised to deal with a country of some three million people in 1867, not quite one hundred years ago but getting on toward it, and that they have not been modified substantially or brought up to date since that time. They were sufficient for a parliament with the volume of business that existed in 1867, but they are hardly adequate to deal with the volume of business that a nation of fourteen million people has today, with all the many problems and difficulties that confront such a nation.

I think we should take a good look at the House of Commons in London which has always struck me as having more elastic rules which seem to make it easier to conform to the increased pressure of business than do our rules. But I do not think we can do what the hon. member for Halton (Mr. Cleaver) has suggested, and take any single set of rules or procedures for limiting debate which might be applicable to the House of Commons in London and apply them in the form of a strait-jacket, as it were, to our procedures here without undertaking certain other fundamental revisions of the rules and procedures of this house which would make them a more suitable framework around which to apply the restrictions to which the hon. member has referred.

I am not going to speak at length for the very good reason that I am not an expert on the rules either of this house or of the House of Commons in London. However, there is one thing which does strike me as the central point around which the rules of the parliament in London are made so flexible and which enables that House of Commons to curtail debate without there being any suggestion of unfairness or of the majority party forcing its will upon the minority. In my view the whole feature revolves around the position, the dignity and authority of the Speaker in the House of Commons at London.

I am sure, Mr. Speaker, that you will believe me when I say that I speak in no sense of criticism in referring to the position of the Speaker here as not being the same as the position enjoyed by the Speaker of the House of Commons in England. If that is so it is for no other reason than that it has been our custom to change our Speakers with every parliament. As is well known, in England the Speaker is not changed with every parliament. Although it is not any part of the written law, the custom there has resulted—I may be putting it rather carelessly—in the Speaker's having a more independent position than he has here.

When the Spearker there rigidly applies some rule, enforces limitation of debate or disciplines a member, there is never any feeling that it is done for reasons of partiality. The Speaker there is absolutely impartial, and that is recognized. It seems to me that until that same fundamental principle is accepted here and we can have the same curtailment of debate as is possible over there, which would be accepted without any suggestion inside or outside the house that there was unfairness or partiality, it will be extremely difficult for us to adopt these restrictions which the hon. member for Halton has set forth in the resolution.

Perhaps I can say in a few words what I perhaps have not succeeded in saying very clearly. It would not be logical to adopt only some of the methods by which debate is curtailed in the parliament in London without adopting the other features without which the discipline necessary to insist upon that curtailment and enforce it would be non-existent or which would result in extreme resentment by members if discipline were enforced. It seems to me that it would enhance the dignity of parliament and make it more likely to have voluntary acceptance of rigid enforcement of discipline on the part of the Speaker if the Speaker's appointment in this House of Commons were permanent, as in the British House of Commons.

We have to meet certain other difficulties in Canada that do not confront the parliament in London. There is the tradition, which I think is a very proper one, that the Speaker in Canada should be on one occasion of English-speaking origin and on another occasion of French-speaking origin. But I think that could be perfectly well maintained without the frequent rotation of Speakers that we have in Canada. Whenever a Speaker chose to resign or retire and a new Speaker was appointed the same principle could be followed, but I regard it as unnecessary to change Speakers with every parliament. I believe it would raise the tone of our debate and make it possible for the Speaker to discipline us, which we all need on occasion, much more readily if the same system were followed here as is followed over there.

I do wish to say, however, that we should bear in mind always that distant fields look green, and that although there are some ways in which the procedure at Westminster perhaps is preferable to our own, nevertheless they have their trials and difficulties too. They have the same complaints about tedious debates and about too much time being given to one subject in comparison with another. That reminds me that I want to correct the record in one respect. Several references have been made to the debate on the resale price maintenance legislation at the last session. I had not realized that the views expressed by opposition members on that occasion had made such a deep impression on hon. members on the government side. We heard them this afternoon speaking of an endless and protracted debate. Indeed the hon. member for Nicolet-Yamaska (Mr. Boisvert) in referring to that debate said that they had listened to speeches for three weeks. That was not good enough for him and he increased his figure to two months. If hon. members will check the record I believe they will find the subject was discussed for four and a half days before the Christmas break and for two days after the Christmas break. Of the four and a half days preceding Christmas one day was entirely devoted to a discussion of procedure. On that occasion the procedural discussion was not initiated by a minister of the crown but by a private member, our good friend, the hon. member for Winnipeg North Centre.

Therefore on a subject of tremendous importance, a step which was to bring about a change in a long established system affecting all retail business in Canada, after a debate of only three and a half days hon. members opposite were found to say that this thing was being unnecessarily and needlessly protracted, and indeed we even heard suggestions that it was time to apply closure. I suggest that we maintain a sense of proportion in all these things and that hon. members opposite as well as members on this side remember that whether or not a debate is a filibuster depends entirely upon the point of view of the person who is using that word.

Mr. Sinclair: How do you classify the two and a half hour speech you made in that debate?

Mr. Fulton: I want to correct my hon. friend. The speech was just an hour and fifty-eight minutes. It was a lengthy speech but I submit it was an important subject, and I classify it in the same category as that of the Minister of Justice (Mr. Garson) who introduced the debate on that occasion and spoke for even longer than I.

Mr. Sinclair: But you are not a minister.

Mr. Graydon: Neither are you, Jimmy.

Mr. Fulton: Perhaps there is not too much reason for members opposite to be concerned about the length of time taken by members on this side. I sometimes wonder at the violence of their criticisms because I am quite sure they all had and still have a great deal of respect for the memory of a former minister of this government, a person who was a great friend of us all and who was admired and respected by us. I refer to the late Hon. Humphrey Mitchell. That very wise and sagacious parliamentarian, experienced man of affairs, man of common sense, is reported to have said on one occasion—and I can well believe he did so because it sounds like the sort of remark he would have made in giving advice to newcomers, young members like myself—that far more members have talked themselves out of the house than have ever talked themselves into it.

Mr. Cruickshank: Will the hon. member permit a question?

Mr. Fulton: By all means.

Mr. Cruickshank: Does the hon. member also recall that the former minister of labour said: If that is what a university education does, thank God I quit when I was 14 years of age.

Mr. Sinclair: Another sagacious remark.

Mr. Fulton: The hon. member has not made it clear exactly what a university education does.

Mr. Cruickshank: We are listening to it.

Mr. Fulton: I think he would have to be much more specific before he could expect me to agree with him. But if there was any force at all in that remark of the former minister of labour I cannot see that there is very much occasion for violent criticism or opposition by members on the government side when members of the opposition wish to exercise their right to speak.

Coming back to the remark with which I was about to close before I was sidetracked momentarily, I think it is important to remember that although there are certain desirable features of the procedure of the House of Commons in London they obviously have their troubles. They apparently not only have their long week-enders, their t.n.t. boys, Thursday to Tuesday, but they also have their fair share of what an hon. member sitting near me the other day called "leopards behind the curtain". According to a report about parliament appearing in *Punch* for March 19, it appears that in the House of Commons in London on Monday, March 10, there was one of those occasions when most of the members were engaged in meetings outside behind the curtains and in private rooms around the parliament buildings. The article in *Punch* has this to say:

> The subject under debate on the floor was the army estimates, which were destined to keep the house until nearly three the following morning. But the greater interest lay in countless other gatherings in the palace of Westminster, at which plans for (a) the downing of the Bevanites; (b) the triumph of the Bevanites, and (c) compromise, were eagerly debated.

After listening to some of the points made by the comparatively few speakers who remained in the house and took part in the discussion, a striking similarity to what was said the other day by the Minister of National Defence (Mr. Claxton) with respect to the defence debate, the article goes on to say:

> It took still longer for the house to dispose of the estimates, not so much because there was anything to talk about as because it is the tradition to take a long time over the estimates. But most of the opposition side stayed at their private meetings, "out of doors," as Mr. Churchill always puts it.

Right Hon. L. S. St. Laurent (Prime Minister): There has been again today, as there has been on very many other occasions during the last ten years since I have been here, a debate upon the desirability of making some improvements in the rules governing our sittings. There have been a number of suggestions but it has been quite as apparent today, as it was on other occasions, that it is very difficult to get anything like 250, 255 or 262 well disposed gentlemen to agree upon changes in the practices that have grown up that would constitute real improvements.

However, I have had a check made of the *Journals*, and since 1926 there have been more than a dozen occasions when the desirability if not the necessity of improvements has been discussed; and as the hon. gentleman who just spoke said, the rules are very much the same as when they were designed to take care of a parliament representing three million people, with affairs very much less difficult and complex than those that have to be dealt with at the present time. During the last two sessions we had experiments with changes with which some were quite well pleased and others not so well pleased. On December 13 of last year a report was submitted to this house by a select committee that had been set up to consider with Mr. Speaker the recommendations that might be made. There did not happen to be any time to give consideration to that report, because it would have been the practice to refer it to the committee of the whole. I sat through more than one day of discussion of the rules in committee of the whole which produced nothing but the interesting speeches to which we listened; and there seemed no time last session to do that. But in the report submitted at that time there are suggestions and recommendations which certainly appear to a great many to have substantial merit. No doubt suggestions have been made here today that would appear to a good many to have substantial merit.

Certainly there will not be another opportunity before Easter to get back to this question. In order that the discussion today may not be lost or wasted, like some of the former discussions in this house, might it not be advisable to reconstitute the committee to which I have just referred to consider with Mr. Speaker all these suggestions that have been made? If I had the unanimous consent of the house I would move the following motion—and I trust the mover of this resolution will not be offended at this course of action—instead of trying to reach a decision here as to whether or not the precise form of this resolution could or should be adopted:

> That a select committee composed of members to be named later be appointed to consider with Mr. Speaker this resolution (Mr. Cleaver's motion)

and the debate thereon, together with the proposals and suggestions contained in the report of the select committee on the procedure of this house presented on December 13, 1951, with power to send for persons and papers and to report from time to time its findings and recommendations to the house, and that the said resolution be now referred to the select committee thus appointed.

That select committee might again recommend some further trials, if not definite changes in the rules. A number of hon. members on both sides of the house, or if not both sides at least belonging to the parties habitually seated on the respective sides of the house, would favour, as I gathered from the applause that marked some of the statements made in the course of the debate, the adoption of the hours we were using toward the end of last session. Even if we got no further than that and did not have the qualification the hon. member for Cochrane (Mr. Bradette) felt was necessary, that is to say a concurrent decision to restrict speeches to thirty minutes, I am sure a large number of members—I do not know whether it would be anything like unanimous—would prefer the hours we were using and would feel that by self-discipline we might make up the time those hours would take from the regular week. I think if we did reappoint this select committee it could make another try, and I would hope something constructive would come from it.

There is much to be said for the point of view expressed by the hon. member who last spoke as to the impossibility of fitting into our system parts taken out of the rules of practice of the parliament at Westminster. They have been the result of a gradual growth accompanied by qualifications which we might not have as an accompaniment if we embodied them in our own standing orders and proceedings. It has been suggested for perhaps two or three sessions that we could fix separate debates. Well, this year we had a separate debate on external affairs. We have one on defence that has not yet been completed but which I hope may be completed tomorrow. It may be we will find that is something that makes for an improvement in the order of debate.

I think much is to be said for the suggestion by the hon. member that the authority of the Speaker over the House of Commons at Westminster is very great, and helps to maintain an orderly conduct of the discussions without any feeling of resentment. Well, I do not wish to be unduly complimentary, sir, but it is my impression that during the sessions you have occupied that position the dignity with which the affairs of the house have been conducted and the impartiality you have displayed have been such as to give confidence to everyone that rules with some elasticity which you might be allowed to apply would be applied in a dignified and impartial way, and that this would also help not to throttle freedom of speech but to eliminate unnecessary repetition without there being any feeling of resentment.

I would be very reluctant to ask the house to vote by a majority something that any large section of the house felt was unfair. I do not think it would be practicable to get the work of the house done if there was a lasting feeling of unfairness in the minds of any substantial group in the house. I think that would defeat our purpose. While such modifications as we do get may not be acceptable to everyone, they should be such that no substantial group would feel that the majority was abusing its power. I think the only way to achieve that kind of result is to have these matters further considered by a committee the members of which will be suggested by the various groups. They may not be able to make many unanimous recommendations, but I would hope they would be able to have unanimous recommendations on rather more than has been found possible so far; and that in any event there would be a spirit of generosity on both sides that might allow us, for the remainder of the session after Easter, to have the hours that we had during the last session, and that the establishment of those hours would create a desire to have them operate in such a way as to not prolong the session unduly. If I have the unanimous consent of the house, I would submit this motion to re-establish this select committee, the names to be specified at a later date, and have the select committee consider this resolution, all the suggestions that have been made in the course of the debate as well as all the suggestions that the committee dealt with in the report that was tabled on December 13 last.

Mr. Graydon: Will the Prime Minister permit a question? I was not quite sure of one point in the Prime Minister's amendment to the motion of the member for Halton (Mr. Cleaver), and that is whether or not the new committee would have the power to go beyond the terms of the motion of the member for Halton and the suggestions that were made, as well as the suggestions which were passed or considered by the report of that special committee on December 13? I should think that perhaps it would be advisable to include an extra power there so that the committee, if they felt it was desirable, might go further and consider other matters.

May I make one other suggestion to the Prime Minister, and I hope he will not mind

my doing so. Might it not be advisable, in view of the fact we are just about to end our activities for the Easter recess, for the house to agree upon the question of hours of sitting set out in the report of December 13 so that we could start with those hours after the Easter adjournment?

Mr. St. Laurent: With respect to the last suggestion, there has been no notice of this, and the house is hardly more than half full at this time, so I think it might be regarded by everyone as unfair to make a decision. If the committee is set up perhaps the whips could submit the names, if not tomorrow by Wednesday, so that that committee could be constituted at once. The last time the committee was set up, the day after it was constituted it brought in a recommendation concerning the hours which was concurred in, so I think that no time would be lost if it were done in that way.

Mr. Graydon: Perhaps that would be better.

Mr. St. Laurent: As to the scope, the motion provides for referring not only the resolution but the debate of today, and I think the debate has covered pretty generally everything that would be apt to be required to be considered. My intention was not to limit consideration of the committee in any way whatever, and if the committee found that the debate of today and the suggestions that are in the report of December 13, 1951, did not extend to everything that they should consider, it would be very easy for them to make a report and ask for further powers. I am sure the house would be only too glad to grant those further powers.

I trust that this committee would be a committee of the same members as at the last session, and probably the names would be readily available. They could be secured not later than Wednesday, and the committee might even have a meeting before the Easter recess; then a report would be available for consideration as soon as we got back. I am afraid that some of those who have had objections to changing the hours would feel it was not quite fair to have done it without notice, by unanimous consent of a house which was not even half filled. I hope the hon. member will feel that that is perhaps true, and my reason for taking that attitude is not that I do not want it done, but that I think it might be done in a more acceptable way if it came as a report from His Honour the Speaker and his committee.

Mr. Drew: I am somewhat concerned about the actual form of this motion. I am merely anxious to put through a motion that is effective. As the motion which is before me reads, it would appear to be a separate motion, standing by itself. I am wondering how it is related to the motion of the member for Halton now before the house, to which this motion refers. May I point out that it is not drafted as an amendment to the motion by the member for Halton.

Mr. St. Laurent: That is why I asked for unanimous consent to present it. We have followed the procedure of 1930. There had been a motion of this kind before the house, and then it was moved that the original motion and amendment be referred to a committee appointed to deal with all matters connected with pensions for returned soldiers, and that the committee have power to consider the advisability of doing such and so. I thought that this would permit the resolution, the debate on the resolution, and the other matters that are not before us this session but that are expressed in the report that was tabled at the end of last session, to be referred to this committee and get the consideration of the committee. Then, they would come back to the house in the form of a report from the committee.

Mr. Coldwell: It seems to me that to regularize the procedure it would be necessary for the member for Halton to withdraw his motion, then have a vote on this motion separately. As I understand, the Prime Minister is suggesting that the subject matter of the hon. member's resolution should be referred, along with the committee report that was made to the house and any suggestions that have been advanced in today's debate, to this special committee. If any other members have valuable suggestions to offer the committee, or the committee itself has some valuable suggestions, I understand they might be considered. It seems to me there is no limit to this. To get the procedure in proper order, I think the hon. member for Halton should withdraw his motion, that is without prejudice to the resolution or the subject matter of it, then the Prime Minister's motion might be carried. The whips might be asked to name a committee tomorrow morning, and possibly they could have a meeting right away.

Mr. St. Laurent: In 1930 it was not considered necessary for the motion which was then before the house to be withdrawn. It was a motion to have the board of pension commissioners consider pensions, and the motion was not withdrawn. It was a motion that all the words after "that" be struck out—

Mr. Coldwell: It was an amendment.

Mr. St. Laurent: No, it was moved that the motion and the debate on it be referred to the standing committee on veterans affairs. The hon. member for Halton told me he had

no objection to withdrawing his motion, but I told him I did not think it was necessary. I thought it might be referred to the committee and that, being referred to the committee, it would disappear from the order paper. I would not wish to be discourteous to the member for Halton, so I asked him and he told me he had no objection if that were required, in order that the matter might go before the committee.

Mr. Drew: It is only a question of draftsmanship, but the Prime Minister has just pointed out that the motion to which he referred, and which he is using as a precedent, actually called for the striking out of certain words of the earlier motion.

Mr. St. Laurent: No, there had been a motion and an amendment, and instead of deciding either the motion or the amendment the Prime Minister moved that the motion and the amendment be referred to the committee, and it was on that precedent that this procedure was drafted. I do not think there is any point in taking much time over these procedural things. I think we are all agreed that the subject matter should be considered by this select committee under the chairmanship of the Speaker. The hon. member for Halton is, I understand, prepared to withdraw his motion. If any hon. member feels that is more desirable—I do not think it is necessary—it could be done so that we will not be embarrassed by any dispute on procedure.

Mr. Drew: Mr. Speaker, I point out that it is just because these things do become precedents, as the Prime Minister himself mentioned in relation to something that happened in 1930, that I am suggesting a change in a few words that I believe would bring this in order, if the hon. member for Halton (Mr. Cleaver) is withdrawing it. I suggest that it read:

> That a select committee composed of members to be named later be appointed to consider with Mr. Speaker the resolution introduced by the hon. member for Halton and the debate thereon . . .

But then that would specifically refer to the resolution introduced by the hon. member for Halton which is now being withdrawn. I am only concerned about the fact that this will stand without any subsequent argument.

Mr. St. Laurent: I am not quite clear as to what the hon. member means. Does he suggest that with his change, the motion should be withdrawn?

Mr. Drew: Yes.

[Mr. St. Laurent.]

Mr. St. Laurent: If it is withdrawn, then it should be the subject matter of the motion that is referred, but not the motion, because once it is withdrawn it ceases to exist.

Mr. Knowles: The subject matter.

Mr. St. Laurent: Perhaps the hon. gentleman has not noticed the last two lines of the resolution before him. They read:

> . . . and that this resolution be now referred to the select committee thus appointed.

Mr. Drew: I took it you read the resolution which you have in your hand.

Mr. St. Laurent: No, it was intended to be a resolution submitted by the hon. member for Halton.

Mr. Graydon: I suggest that this debate be referred to the committee, too.

Mr. St. Laurent: Well, it should be a very good illustration of what is required to be dealt with. We are sometimes pretty technical, and it may very well be that it would be desirable for the committee to provide some elasticity. Perhaps the simplest thing for me to do will be to withdraw this, because I am getting into a muddle that I did not anticipate and I did not want to bring about. I am quite prepared to withdraw my motion.

Some hon. Members: No.

Mr. St. Laurent: Well, then, if I am going to leave it, I am going to leave it as it is.

Mr. Speaker: Is it the desire of the house that I read the motion?

Some hon. Members: No.

Motion (Mr. St. Laurent) agreed to.

Mr. Drew: It will create an interesting precedent for some future time.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Mr. Speaker, tomorrow we will resume the debate on the motion to go into supply and discuss national defence. We hope sincerely to conclude this debate and call an item in the following departments: trade and commerce, resources and development, national health and welfare, and labour. Then we will consider the resolution to approve a treaty of peace with Japan.

It is understood that the Minister of Finance (Mr. Abbott) will make his budget speech at eight o'clock. I suppose the opposition financial critic will adjourn the debate and the house will revert to its ordinary business.

Mr. Drew: Mr. Speaker, while it may be that the government will not be willing to consider it, I do suggest the advisability of proceeding with the motion to set up a redistribution committee.

Mr. Fournier (Hull): Mr. Speaker, I myself am becoming a little muddled. I thought we had an understanding that we would have two debates; one on external affairs and one on national defence. Discussing it with my colleagues today, I insisted that we continue this debate on defence.

Mr. Drew: Let me make this quite clear. I am not suggesting that there be an interruption of the debate on national defence. But, following the hope expressed by the minister that that debate would terminate, I was merely suggesting that when that debate terminated there might be an opportunity to proceed with the resolution dealing with redistribution.

Mr. St. Laurent: With respect to that, Mr. Speaker, I think I should volunteer this word of explanation. I may have to withdraw the resolution, the notice of which I have on the order paper, and substitute another, because I am told that under the rules there cannot be any amendment moved that would expand the powers of a select committee. Though I do not want to sponsor anything that I would have to oppose, I want to make it as broad as possible, so that the house can cut it down if it chooses to do so, but so that there will be no procedural obstacle in the house expressing the whole of its views. I thought I had just that in the form of the resolution that is on the order paper, but I am told I have not; that there would be other points of view that it should be possible to discuss, but that could not be raised by amendments that would be in order to the notice as I have framed it, and I have been asked to frame it in proper terms so that the other matters could by amendments to mine be properly discussed and not be ruled out of order. This is also a matter which has difficulties on its merits, and I should like to avoid having procedural difficulties in the matter submitted. I feel that I am not doing this as the Prime Minister; I am doing it as the leader of the majority party, whose duty it is to provide an opportunity for a full discussion of the subject.

Another draft has been prepared, which I have submitted to the critics to see if that would allow the discussion of everything that it might be desirable to add, and I may have to ask tomorrow for permission to withdraw this notice and substitute another. I hope it may be possible to do that, and to have it ready for Wednesday, if I can get the dispensation of the forty-eight hours' notice for the new form.

I am told that my form would take care of one set of difficulties, but would raise another set of difficulties that could not be overcome by any amendment that would be in order, and that in order to make it possible to have the other set of difficulties taken care of I shall have to broaden the terms of my proposal, or the Speaker would find himself obliged to rule out of order certain amendments that it may be desired to suggest.

Mr. Drew: I agree with the Prime Minister that it is most desirable that in a matter as important as this there be no question of the adequacy of the resolution. When I made the suggestion it was with the idea that possibly the members of that committee might, if possible, meet and have certain information placed in their possession before the Easter holiday, but I agree that it is more important that the resolution adequately cover all contingencies.

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

HOUSE OF COMMONS

Tuesday, April 8, 1952

The house met at three o'clock.

REPORTS OF COMMITTEES

DEFENCE EXPENDITURE—CONCURRENCE IN FIRST REPORT

Mr. David A. Croll (Spadina) presented the first report of the special committee on defence expenditure, and moved that the report be concurred in.

Motion agreed to.

RAILWAYS, CANALS AND TELEGRAPH LINES—MOTION FOR CONCURRENCE IN SECOND REPORT

Mr. H. B. McCulloch (Pictou) presented the second report of the standing committee on railways, canals and telegraph lines, and moved that the report be concurred in.

Mr. E. D. Fulton (Kamloops): Mr. Speaker, I should like to suggest to the hon. member that he consider allowing this motion to stand until Monday. As I listened to the presentation of the report the only recommendation heard was that leave be granted to the committee to sit while the house is sitting. I may be wrong, but I was under impression that we were also to ask for leave to authorize the chairman to have as many copies of our proceedings printed as he might determine from time to time. I did not hear any reference to that in the report which he presented.

I think it is important that we should get on with the printing of the proceedings of the committee. I have some misgivings as to concurrence at this stage in a report which recommends only that the committee be permitted to sit while the house is sitting. Would the hon. member consider withholding the motion for concurrence until tomorrow or a week from Monday next so that the question of printing may be further examined?

Mr. McCulloch: It was decided this morning that we would not meet until April 22. I think everyone was in agreement with that.

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

Mr. Fulton: Do I understand from the hon. gentleman that he is withholding the motion for concurrence until Tuesday, April 22? I am sorry, but I could not hear what he said.

Mr. McCulloch: No.

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

Mr. Fulton: I am not certain, but I gathered from what has been said that the hon. gentleman is not disposed to accept my suggestion. Under the circumstances I do not agree to the motion to concur in the report.

Mr. Macdonald (Edmonton East): It has just been stated by the chairman of the committee that the committee will not meet again until April 22 at eleven o'clock in the morning. I see no reason why this motion should not pass.

Mr. McIvor: There is nothing in this report apart from asking for permission to sit while the house is sitting. Surely that is not controversial.

Some hon. Members: Carried.

Mr. Fulton: I have raised a question with regard to another decision which the committee made this morning and which I understood was to be reported to the house this afternoon but has not been reported. I think it should be included in the committee's report. Under the circumstances I cannot agree to concurrence in the report this afternoon, because I think it is an incomplete report.

Mr. Speaker: It would require unanimous consent to have the report concurred in this afternoon. Probably the matter can stand until tomorrow.

Some hon. Members: Agreed.

Motion stands.

GRAIN

INITIAL PRICES FOR WESTERN WHEAT, OATS AND BARLEY

Right Hon. C. D. Howe (Minister of Trade and Commerce): I would like to advise the house of the decision of the government in regard to initial prices for western wheat, oats and barley for the crop year commencing August 1, 1952.

As members of the house know, the Canadian wheat board is in the midst of a very large and difficult operation this year. In spite of unfavourable harvesting conditions last fall, and in spite of the fact that there is considerable threshing to be completed in the prairie provinces, the outturn from 1951 grain crops in the west is still very large.

Grain

It is likely that total grain deliveries by western producers in the present crop year will be in the neighbourhood of 700 million bushels, which is the largest delivery of grain in any single crop year in the history of the west.

The difficulties of the present crop year have not arisen from the quantity of grain which will be delivered to the board. The difficulties arise from the lateness of the 1951 harvest, the unprecedented quantity of out-of-condition grain threshed by producers, and the general quality of the grain harvested. In spite of these difficulties, good progress has been made in disposing of deliveries from the 1951 crop. The large crop in 1951 was accompanied by a good demand for grain, and this fact will be reflected in the operating results attained by the board during the crop year, in spite of all the difficulties arising from the lateness of the crop, delayed harvesting, and the fact that at least 250 million bushels of grain will be received from producers in a tough or damp condition.

So far as wheat is concerned, the major part of producers' deliveries during the crop year 1951-52 will be disposed of within the crop year. However, with the prospect of substantial marketings by producers in the final months of the crop year, some increase in the wheat carry-over can be expected on July 31 next.

On the basis of progress to date in disposing of the 1951 wheat crop, and the prospect for a continuation of a broad demand for wheat, the government is establishing the initial price for wheat for 1952-53 at the same level as at the start of the present crop year, namely, $1.40 per bushel basis No. 1 northern wheat in store at Fort William-Port Arthur or Vancouver.

In general, the position in respect to oats and barley parallels that of wheat. While very large deliveries of both grains are expected during the present crop year, demand has been satisfactory. There will be some increase in year-end stocks of both grains, due to the lateness of the 1951 harvest, the volume of grain still to be threshed this spring and the necessity of conditioning large quantities of oats and barley prior to sale. However, the outlook is such that the government feels justified in establishing initial prices for both oats and barley at the same level as at the start of the present crop year. These initial prices are 65 cents per bushel basis No. 2 C. W. oats in store Fort William-Port Arthur, and 96 cents per bushel basis No. 3 C. W. 6-row barley in store Fort William-Port Arthur.

As I have mentioned on other occasions, these are initial prices, and it is always the hope of the government that pooling operations conducted by the wheat board will result in surpluses which will permit either increases in the initial prices during the crop year, or final payments to producers after the close of the crop year, or both.

Mr. Cardiff: Would the minister care to make a statement with regard to feed grain in Ontario? He has said that the price is to be 65 cents at Fort William, but it costs us in Ontario about 95 cents per bushel.

Mr. Howe: My hon. friend is referring to the initial price at Fort William. Beyond the initial price there is the participation certificate. The price in Ontario is based on the final price rather than the initial price.

SHIPMENT OF WHEAT THROUGH CHURCHILL—AUTHORITY FOR DIVERSION CHARGES

On the orders of the day:

Mr. R. R. Knight (Saskatoon): I did not send notice of this question because it has been inspired by the statement of the Minister of Trade and Commerce. I should like to ask him under what authority diversion charges are made against wheat going through the port of Churchill, and if the government will not take into consideration the abolishing of this unearned levy—because that is what it is.

Right Hon. C. D. Howe (Minister of Trade and Commerce): The wheat is delivered by the producer to a private elevator company, and it is necessary to divert the wheat from the usual outlet of the private elevator company to a government terminal elevator. There is always a diversion charge in that connection. If my hon. friend would like a more comprehensive statement I should be glad to obtain such a statement from the wheat board and give it to the house later on.

PRICE OF BREAD IN RELATION TO RETURNS TO WESTERN WHEAT GROWERS

On the orders of the day:

Mr. Robert Fair (Battle River): I should like to address a question to the Minister of Trade and Commerce. Is it the intention of the government to continue its present policy of making cheap bread available to the people of Canada at the expense of the wheat growers of the prairie provinces?

Right Hon. C. D. Howe (Minister of Trade and Commerce): It is the policy of the government of Canada to sell wheat to the Canadian consumer at the same price as to the consumer in Britain, the consumer in Egypt, the consumer in Germany and to other consumers throughout the world.

HOUSE OF COMMONS

ANNOUNCEMENT OF PAY INCREASES FOR TEMPORARY EMPLOYEES

Mr. Speaker: I have the honour to lay on the table a report of the civil service commission respecting certain employees of the House of Commons.

Recently I assured the house that the matter of increases in the salaries of our temporary employees was receiving my attention and that of the officials of the house, and that a report would be made as soon as possible.

I now desire to inform the house that salary increases in line with those recently granted to other employees of the public service have been granted to the temporary employees of the house, retroactive to December 1, 1951, for the continuous employees, and from the commencement of the session for our sessional staff.

I might perhaps add that in order to help make Easter more pleasant to the staff of the house, the cheques covering these increases, as well as the salaries for the first half of this month, will be issued on Thursday morning.

AERONAUTICS ACT

AMENDMENT TO PROVIDE FOR ZONING OF AIRPORTS

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

That it is expedient to introduce a measure to amend the Aeronautics Act to provide that the governor in council may make regulations for the zoning of airports and also to provide for the payment of compensation in respect of any property injuriously affected by the application of the said regulations.

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

Motion agreed to.

BUSINESS OF THE HOUSE

WITHDRAWAL OF NOTICE OF MOTION FOR APPOINTMENT OF REDISTRIBUTION COMMITTEE

On the order for government notices of motions:

April 3—The Prime Minister—Resolved, that a select committee be appointed to consider the results of the census of 1951 and the readjustment of the representation in the House of Commons necessitated thereby, with power to consider whether the said readjustment should be made in strict accord with the rules presently set out in the British North America Acts 1867 to 1951, and the other statutes in that behalf, or whether it is desirable to provide that there should be no reduction of

more than fifteen per cent at any one time in the number of members assigned to any province and that there should be assigned separately two members instead of one to the Yukon and the Northwest Territories or any part thereof and that the total number of members should be increased accordingly; with instructions to prepare a bill or bills with schedules to give effect to its findings and conclusions and to contain and describe the several electoral divisions entitled to return members to this House of Commons; with power to send for persons, papers and records and to examine witnesses, and to report from time to time; and that notwithstanding standing order 65, the committee shall consist of thirty-seven members to be designated by the house at a later date.

Right Hon. L. S. St. Laurent (Prime Minister): When the notice of motion concerning the resolution to set up a select committee on redistribution was referred to at the close of last evening's sitting I intimated that I might find it desirable to ask that this notice be dropped so that I might substitute one in somewhat different language which would make it less difficult for the house, without infringing any of the rules, to consider all the various aspects of this problem. I now find that that is so, and I should like to ask that this notice of motion be dropped.

I shall immediately hand the Clerk for inclusion in the *Votes and Proceedings* of today another notice of motion in a somewhat different form. Of course the result will be that the new notice will not appear on the order paper for tomorrow, but it will be on *Votes and Proceedings*. Now, should there be time to consider it tomorrow, and should it be the desire of the house to have it taken up, I would be quite prepared to submit the motion tomorrow, although it will still be only on the *Votes and Proceedings* as a notice.

Order withdrawn.

SUSPENSION OF STANDING ORDER 15 FOR THIS DAY'S SITTING

Right Hon. L. S. St. Laurent (Prime Minister) moved:

That standing order 15 in relation to the consideration of private and public bills on Tuesdays be suspended for the sitting of Tuesday, April 8, 1952, so that the order for the house to resolve itself again into committee of ways and means (budget) may be proceeded with at 8 o'clock, p.m.

Motion agreed to.

UNEMPLOYMENT INSURANCE

COAL MINE EMPLOYEES IN INVERNESS, N.S.

On the orders of the day:

Mr. W. F. Carroll (Inverness-Richmond): Mr. Speaker, I should like to direct a question to the Minister of Labour, and I apologize for not having given notice. The minister no doubt is aware of the serious situation that exists in the mining town of Inverness. Six

months ago the mine was closed down, and since that time three or four hundred employees have been out of employment. In most cases their unemployment insurance has run out. I ask the minister to consider the possibility of doing something outside the act for these people until something else can be done for their rehabilitation.

Hon. Milton F. Gregg (Minister of Labour): I know something about the situation referred to by the hon. member for Inverness-Richmond. While it will be impossible for the unemployment insurance commission to continue the supplementary benefits which expired a week ago today, nevertheless I will ask the commission to have someone look into the matter referred to and see whether they can assist in finding employment either there or elsewhere.

QUESTION AS TO APPLICATION TO FISHERMEN

On the orders of the day:

Mr. G. F. Higgins (St. John's East): I wish to direct a question to the Minister of Labour arising out of an answer he gave me yesterday with respect to unemployment insurance for fishermen. In the report of the unemployment insurance commission survey of 1951, paragraph 279, appear the words, "Some form of unemployment assistance should be provided by the proper authorities". Would the minister clarify these words?

Hon. Milton F. Gregg (Minister of Labour): I think what is meant is that since the conclusion was reached by the commission as I announced yesterday in the house, that for the time being at least fishermen could not come under the Unemployment Insurance Act, any cases of need among fishermen would have to be taken care of by local programs of unemployment assistance or relief.

ANNUITIES

MODIFICATION OF CONTRACTS IN RELATION TO OLD AGE SECURITY PAYMENTS

On the orders of the day:

Mrs. Ellen L. Fairclough (Hamilton West): I should like to direct a question to the Minister of Labour. In view of the payment of old age security commencing at age 70, has consideration been given to permitting the modification of existing contracts for deferred annuities so as to pay a greater annuity up to age 70 which would be reduced by $40 a month after age 70?

Hon. Milton F. Gregg (Minister of Labour): Yes, this is one phase of the question of annuities that is being studied by our officials.

[Mr. Carroll.]

IMMIGRATION

SMUGGLING OF ALIENS FROM CANADA INTO THE UNITED STATES

On the orders of the day:

Mr. G. K. Fraser (Peterborough West): I should like to direct a question to the Minister of Citizenship and Immigration. Would the minister make a statement on the report from Buffalo that immigrants to Canada, or aliens, are being smuggled across the border? Has he any record of any of these people having had their passage from Europe paid by Canada?

Hon. W. E. Harris (Minister of Citizenship and Immigration): I read the report in the newspaper, and that is the only notice I have had of the alleged action on the other side of the border. I think it ought to be made clear that our immigration policy is designed to admit to Canada persons who intend to reside here permanently and ultimately, we hope, take out Canadian citizenship. We have no knowledge of any large-scale smuggling of aliens such as was indicated in the newspaper report. If we do get evidence of it I shall bring it to the attention of the house.

Mr. Fraser: Is there any check on the Canadian side of the river to prevent these people from crossing there?

Mr. Harris (Grey-Bruce): We have our usual officers on the Canadian side. I think my hon. friend's purpose would be served by my saying that if anyone is caught and returned of whom we have a record we would then consider whether he ought to be deported from this country.

Mr. Cruickshank: Is there any compulsion on an immigrant or displaced person who comes to Canada to remain in Peterborough and not move to British Columbia?

Mr. Fraser: They would never move from Peterborough to British Columbia.

HEALTH

REQUEST FOR TABLING OF SURVEY REPORTS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to direct a question to the Minister of National Health and Welfare, arising out of a return tabled yesterday in response to a question of mine of a few days ago. Will he consider tabling in the house the health survey reports that have been received thus far from several of the provinces, and the others as they come along?

Hon. Paul Martin (Minister of National Health and Welfare): The hon. member did not give me notice of his question.

Mr. Knowles: Surely you do not need notice for this question.

Mr. Martin: I usually want to give his questions the greatest consideration. Characteristically I will give this matter my very serious consideration.

NATIONAL DEFENCE

SEAWARD DEFENCE BASE, ST. JOHN'S, NFLD.

On the orders of the day:

Mr. G. F. Higgins (St. John's East): I wish to direct a question to the Minister of National Defence. Is the minister prepared to give details with regard to the proposed expenditure of $500,000 for the St. John's harbour defences?

Hon. Brooke Claxton (Minister of National Defence): The hon. member asked a similar question on March 10. I said that a contract had been let, and I was then prevented from giving further details because the Speaker said the question should go on the order paper. I still have the same information. A contract was let on February 20 for a wharf, a slab and some other works. The amount of the contract is $543,450. It was let to the Diamond Construction Company.

SUPPLY

NATIONAL DEFENCE

The house resumed, from Friday, April 4, consideration of the motion of Mr. Claxton for committee of supply.

Mr. E. W. George (Westmorland): Mr. Speaker, when the house adjourned on Friday last I had just read the motion moved by the Prime Minister (Mr. St. Laurent) on Monday, October 22, 1951. This is one of the most important motions that has ever been passed by the house in peacetime, and for the sake of continuity I am going to read it again. It is as follows:

> That this house approves the continuation of Canada's participation in the efforts being made through the United Nations to establish international peace, and in particular to defeat aggression and restore peace in Korea, and by the North Atlantic treaty nations to deter aggression and promote stability and well-being in the north Atlantic area.

I do not say that in assenting to this motion opposition members agreed with everything that the government or the services had done in connection with Korea and the North Atlantic treaty. I do say, however, that there was a wide opportunity, indeed an invitation, for anyone who did not agree with everything that had been done, to say so. The hon. member for Nanaimo (Mr. Pearkes) did not say so. He said so just six months later, long after the brigade had arrived in Europe as announced, arranged and carried out. The military expert of the opposition said nothing about armour.

You know, Mr. Speaker, it is sometimes not a bad thing to go back and look at what has been said previously, in order to get our perspective right. When we were raising the 25th brigade to go to Korea we did not get much in the way of support or assistance from the Conservative opposition. This is what the hon. member for Nanaimo said in the house about the 25th brigade on September 1, 1950, at page 131 of *Hansard*:

> The appeal was made to the young men of Canada. That appeal has been magnificently responded to. But what have we got? A conglomeration of men bearing the proud names of great units, unknown to their own special unit commanders, their officers, their N.C.O.'s. Any man who has had any experience in the service will tell you that it takes a long time to weld such groups of men together in order that they become a fighting team, because it is team work that counts, not merely the individual skill of an individual soldier to handle his weapon.

Then on page 133 the hon. member also said:

> I fear that the brigade now in training will be ready either too late or just in time to take part in the victory parade.

That is the brigade which everyone who has seen it says is the finest fighting formation ever fielded by this country. So much has been said about this excellent brigade that there is no need of repeating it here. We are proud of them, and they are perpetuating the famous records of Canadian soldiers who have preceded them in other wars. I wonder what they think now of the remarks made about them by the hon. member for Nanaimo.

In conclusion, Mr. Speaker, I repeat that the hon. member for Kootenay West (Mr. Herridge) was not doing a service to the reserve forces when, by inference, he tagged them as he did. One or two isolated cases of personnel joining up only to participate in athletics does not mean that other units allow this sort of thing. I hope he has done as he suggested he would—that is, given the information to the minister. I do not mean that when conditions exist which are contrary to the rules and regulations and/or not in the public interest, they should not be exposed. Far from it; I am sure every citizen has an obligation in this regard, and especially members of parliament. When any of these cases come to light hon. members should report them immediately to the

authorities or to the minister, instead of waiting for an opportune time to arrive to air the matter on the floor of the house.

Mr. Herridge: It was reported immediately.

Mr. George: That is not what you said in the house. Adverse publicity such as this is detrimental to recruiting for the reserve army and tends to lower the morale of those at present on strength.

We are also proud of the 27th brigade; and speaking of this brigade Waldo Frank in the Los Angeles *Times*, as reported in the Montreal *Gazette* of February 6, 1952, stated it was—

—the most cheering sight in the otherwise drab picture of western defence along the Rhine-Alps line.

Further in the same article he said:

. . . although the Canadians have been in Germany only since December, they already present a better picture of a battle-ready fighting team than any other allied combat unit in Europe with two exceptions—the U.S. 1st infantry division and the two brigades of the U.S. armoured cavalry.

A little further on he says:

Everybody in the brigade is a volunteer, with full understanding of why he is here and how long he will stay in Germany. Finally, all hands in the brigade are well clothed, well fed and well paid.

Canada has only fourteen million people, but the opposition experts talk as if we should supply the military components which would normally be supplied by a country with ten to fifteen times our population. We must continue to play our part in preserving peace, and there must be visible proof of our intentions. The peoples of Europe have been liberated once and they are not interested in having it done again. We must stop communist aggression where it is. Canada has provided the troops as agreed under NATO. They asked for and got infantry. Being a member of the armoured corps I am not talking against armour. I am simply insisting that armour must be properly supplied and used. Otherwise the results are disastrous.

All the opposition theories in favour of an armoured brigade group being sent to Germany instead of the infantry brigade group we did send are another example of the opposition's apparent non-constructive attitude toward most government legislation and policies.

Mr. E. D. Fulton (Kamloops): Mr. Speaker, it is difficult to debate Canada's national defence policy as it now exists and as it is forecast for 1952-1953, because it is difficult to grasp anything clearly from the statement made by the minister in introducing this debate on Thursday of last week. I do not mean it was difficult to understand what the minister said; he did give us some background in connection with defence, but it was extremely difficult to get from his statement any clear picture of the present position of our defence forces, exactly what we have in the way of forces in being today to meet aggression, and what exactly we may have in the way of forces in being at the end of this fiscal year as a result of the money we are being asked to spend.

I can only say that in reading over the speech carefully with a view to getting something from it which one might criticize sensibly and constructively, there seemed to be in it a complete sense of unreality. You cannot take that speech and analyse it, and say that for this expenditure of $2,100 million we are getting so many tanks, we are going to have so many guns, we shall have so many operational squadrons at the end of the year equipped with so many aircraft of such and such a type. That sort of break-down is impossible, however carefully you examine the minister's statement. It is impossible to take from his remarks anything more than a general statement of objectives for the end of 1954.

It is true the speech was lengthy. That was quite proper, because he was introducing an important subject, having to do with an expenditure of over $2 billion. The minister did give us the background of some of the decisions that have been taken as to the raising of our forces and the objective proposed for the end of the three-year program on which we have now embarked. He gave us some lengthy quotations from the statement by General Eisenhower, which already had received ample publicity in the press and over the radio. He then gave us a definition of "infrastructure", and referred to the word as having been drawn from a French word having to do with railways.

He went on to tell us that the word was first used in the western union countries, and he referred to all the uncertainty that surrounded it, until I began to wonder whether he was going to end up by suggesting that this subject be referred to the standing committee on railways, canals and telegraph lines rather than the committee on defence. For all we got out of the minister's speech in the way of facts upon which we might build a constructive debate, he might almost as well have been speaking about something to do with railways, canals and telegraph lines. When he referred to the western union, the threatened strike in the Western Union Company in the United States made me wonder whether we were not going to bog down to an equal extent in the creation of a defence effort in Canada.

The lack of reality in the minister's approach to this subject, and his reluctance to give us a clear statement of what we are to get for the money we are spending, is I believe typical of the situation we find when we look into the actual structure of our defence program. I can find it nowhere better illustrated than by an experience I had last year during a long week end—while the house was adjourned, not one of the Thursday to Tuesday variety—while driving back to Ottawa from Windsor. En route I gave a lift to a soldier who was wearing the shoulder flashes of the Royal Canadian Regiment. I asked him whether he had yet been with his battalion, and he told me he had been posted to the battalion shortly after joining up and had then been sent to an army cooking school. I thought that was interesting, because here was a soldier who was a member of a parachute battalion, one of the units of the airborne brigade, and I wondered what kind of cooking equipment they used. I asked him what kind of stoves they used, and said I wondered whether they were anything like the company cookers which we used in the field in the last war.

The soldier asked me what kind of outfit we had used, and I described to him as best I could what we called the hay-burner with the series of stands on which the containers were placed in which the food was cooked for the company. I said I did not believe that would be a suitable thing for packing and dropping from a parachute, and he said, "No, we do not have anything like that; we were not trained on that." I thought they were probably trained on something much more up to date and realistic, so I asked what kind of equipment they were trained to use. He said, "We have the most wonderful up to date stoves in the world, a most magnificent set of gleaming Moffat electric ranges." I thought that was typical—to train a cook who is going to cook for a parachute regiment on a Moffat electric range. I did not like to ask the soldier, but I think I should like to hear from the minister what arrangements are being made for the soldier-cook to plug his stove in when he drops by parachute from an aircraft. Well, of course the illustration can be strained, but it indicates the sense of unreality pervading the whole defence structure in which we are trying to carry on this debate today.

The task is made much more difficult by the fact that the minister sought in advance, during the course of his introductory speech, to frighten us from criticizing the way in which his department is carrying out its responsibilities. He sought to do that by suggesting that for us to say that things should be done differently would in some way be disloyal and would tend to weaken the defence effort. He sought to discourage us from criticizing by saying—if you suggest something should be done differently you will only be displaying hindsight. I shall have more to say a little later about this outrageous suggestion, which I regard as indicative of a perverted attitude to parliament and to the responsibilities and functions of the Minister of National Defence in his relationship to parliament and the country. At the moment I think it must be said that the minister's attitude is typical of the means by which he seeks to distort the true picture of our defence effort and to throw a cloak of secrecy over the clear deficiencies that exist. Notwithstanding the minister's effort, I intend to refer to some of those deficiencies and shortcomings in the course of my remarks this afternoon.

The first general observation I wish to make by way of criticism is that to total up the amounts we have spent in the last two years, and add to that the amount we are being asked to authorize for this year, gives a total which is quite unjustified in terms of any concrete achievements which have been laid before us. If you compare the total spending with the figures of results which were given, it presents a clear indication of inefficiency and waste in our defence effort.

Some of the figures, Mr. Speaker, are interesting, if not alarming. In the fiscal year 1950-51 the total spending for all defence purposes was $784 million; in the fiscal year 1951-52 it was $1,944 million, making a total for those two years of $2,728 million, to which we are being asked to add this year authority for the further expenditure of $2,109 million. By the end of the fiscal year in March, 1953, therefore, we shall have spent in those three years alone a total of $4,837 million—just under $5 billion.

The question which must be asked—and which should be answered—is this: What shall we have by the end of the fiscal year 1953 to show for the expenditure of this staggering sum? It is there that the shortcomings and deficiencies in the minister's statement become obvious. When you try to see what you can find in the way of details concerning what we shall have in existence at the end of that time you find that, looking first at the navy, there is no clear picture of what will be operational.

I have the minister's statement before me, and here is what he had to say about the navy, as reported at page 1088 of *Hansard* for April 3, 1952:

> By way of summary, Mr. Speaker, in the twenty months since Korea the navy has commissioned nine ships and launched six others. It has twenty-seven more on order, with forty awaiting refitting.

It is operating sixteen schools. In Korean waters alone it has sailed over 450,000 miles.

When you try to find out exactly what will be in existence in the way of anti-submarine task forces, which we have been told is the prime role of the Canadian navy in the future, there emerges nothing. This general statement does not tell us whether we shall have one task force, or two, or only part of one. How many of those nine ships which were commissioned are now operational? How many of those that have been commissioned are at sea? What about those ships that have been launched? In what state of readiness are they? What about the twenty-seven ships on order and the forty awaiting refitting?

The vague statement made by the minister is useless so far as giving this house and this country any clear picture of naval defence preparedness is concerned. It makes it impossible to carry on any constructive criticism of the government's policy. But what we do know with respect to the navy—although we are not told this; we have to dig it out of the mass of facts and obscurities which surround it—is that we have virtually nothing now capable of discharging Canada's main naval role which, as we have been repeatedly told, is to place in service, primarily in the Atlantic, an anti-submarine task force.

When we turn to the army to see what we shall have there, what do we find? Well, we find that we have some specific information, but the information we have in this case gives rise to no feeling of security but rather to one of deep disturbance. We find that by the end of 1952 we shall have in the field three isolated infantry brigades with not a vestige or a scrap of armour, not an operational tank; and of these three infantry brigades themselves, only one of them, namely, the brigade in Korea, will be operational—ready to take the field and fight, that is—by the end of 1952. We have not the forces to form one complete division. We have no formation of divisional size. Most serious of all, perhaps, is the fact that we have no reserve capable of immediate mobilization.

With respect to the Royal Canadian Air Force, from the minister's statement it is again uncertain just what we shall have by way of squadrons in being and operational by the end of the fiscal year 1952-53. One looks in vain for this information in the minister's speech. But from a study of the minister's speech and the most recent white paper on defence—that which was tabled in June of 1951—we can guess that we shall have not more than a total of thirty R.C.A.F. squadrons in any shape or form by the end of that fiscal year; and of that thirty, there will be a maximum of twelve active air force squadrons. We are not told in what state of readiness or partial readiness or partial equipment and manning with respect to aircraft they will be; but it appears that that is the limit—that the very maximum we shall have in any state of operational readiness will be twelve squadrons of the Royal Canadian Air Force.

When we turn to the subject of equipment, what do we find? There have been so many boasts about the money we are spending—boasts completely unmatched by equal figures of what we are getting—that it is definitely disturbing to see how little we have actually secured to date in the way of equipment. In this matter I believe the Minister of Defence Production (Mr. Howe) has to take an equal share of responsibility with the Minister of National Defence. It must be admitted that in this regard we have been, to some extent, bedevilled by difficulties over the question of standardization; but I believe that our difficulties—big enough as they were in that field—were increased by a mistaken and too early decision to standardize on American patterns. The decision to standardize on American patterns—and we must be clear on this matter—did not refer only to certain specific and individual types which we felt, in the individual case, were the most desirable on which we could standardize. The decision went much further than that. It went most of the way, if not all the way, to a decision to standardize the equipment of whole divisions on the American pattern. As authority for that conclusion I refer to the statements of the Minister of Defence Production himself, in his report to the house given in February of last year, commencing at page 179 of *Hansard*, and the white paper on defence to which I have already made reference and in which you find such passages as this one on page 26, where, referring to the shipment to Europe of the arms for a complete division, it says:

This procedure was the only practical way for Canada to standardize on U.S. patterns.

Throughout the white paper and throughout the speeches of the Minister of Defence Production and of the Minister of National Defence over the past year, up until the present time, there have been repeated references to this decision to standardize on the American pattern. One result of this decision—which, as I have said, was an early and mistaken one—is that we in Canada completely lack any adequate armoured formation. Recently we have received, I understand, a few tanks of the British Centurion type for training purposes. We are not in any position—and we are not beginning to approach the position—where we could equip and field an armoured regiment, let alone a brigade with tanks.

I believe that this lack of armaments is one of the most serious criticisms of the defence preparedness of the Canadian army today. It is now apparent that not only members of the opposition but sometimes even members of the government and ministers of the crown are wiser in their hindsight than they were in their foresight. We are now told that the Centurion tank has been recognized and approved as the most suitable tank in existence, in production at the present time, for modern warfare. The Minister of Defence Production has always resolutely set his face against the proposal that Canada build tanks. It is difficult to compete with the minister in a field of this type. He makes these statements—and they are accepted as gospel—that it is not logical for Canada to build operational combat tanks. But I cannot see why—

Mr. Howe: Will my hon. friend permit a question? Is he aware that Canada has built over 1,000 tanks comparable to the United States Mark IV?

Mr. Fulton: I am not talking about the Mark IV. Is the Mark IV the same as the Centurion?

Mr. Howe: No. The Mark IV is the American type.

Mr. Fulton: I was not referring to that type of tank. Actually, I was not aware that we have produced 1,000 of those, but if we have, I would ask the minister and the Minister of National Defence to tell us where those tanks are? They are certainly not of the best fighting type and are not in the hands of any fighting Canadian formation today. We are given to understand that the decision has now been made to standardize on Centurion tanks. The question that we should have answered is why Canada had not made arrangements previously to build this tank in Canada under licence from the British authorities. I understand that the difficulty is that we cannot get them in quantity from British production now because the British themselves are short of them as a result of their production difficulties. I fail to see, however, why we could not have made arrangements earlier to standardize on this type of tank, which is now agreed to be the most suitable combat type, and why we could not have got busy with building some of them for ourselves and our allies.

There apparently have been mistakes of equal magnitude in connection with the production of the all-Canadian jet fighter, the CF-100. After all the boasts that were made as to the imminence of production so that Canadian squadrons might be completely equipped with an all-Canadian fighter, this aircraft is still not in production or anything approaching it. After the spending of many millions of dollars, there is only one prototype of this fighter in existence. Compare this record of performance, after the spending of all that money, with the boastful statement made at page 27 of the white paper last June, 1951:

> Delivery will soon begin of CF-100 Canucks from the A. V. Roe factory in Toronto.

It is disturbing—indeed, it is desperate—when one views the situation in terms of the amount of money which is being spent, to see how far short performance falls of the promises which have been made with such profusion. But the most serious indictment with respect to our equipment shortages and deficiencies is the fact that the equipment we do have in the hands of our troops who are fighting is in many respects obsolete or obsolescent. Here I should like to refer to what was said by Dr. Gordon M. Shrum, of the university of British Columbia. The Vancouver *Daily Province* of April 4 reports an address he made to the association of professional engineers in Stanley Park pavilion last Thursday evening. Dr. Shrum, by the way, is a member of the national defence board and of the national research council. The newspaper article contains this report of what he had to say with regard to some of the weapons with which we are fighting, and the deficiencies and shortcomings of the weapons being used in Korea:

> "You'd be fed up if you were over there. We all heard of push-button warfare, but there they are using weapons, and even aircraft, of the last war. We have been spending money on research, but we haven't the equipment."
>
> Jet planes, travelling at 700 miles an hour, are using obsolete machine guns. "They might as well be shooting at each other with pea shooters." The allies, he said, would be unwilling to "trot out our best things for Russian observers."
>
> "However, we don't have these things anyway."

I well know it has been suggested previously in the house that the jet aircraft manufactured in Montreal are being equipped with a type of armament which to all intents and purposes is obsolete. We are spending something like $400,000 per aircraft, and turning them out with a type of armament comparable, as Dr. Shrum has said, to a pea-shooter. That is not hindsight. That is criticism that has been made in the house and, I know, made privately to the minister as well. But in its all-pervading wisdom the government continues to produce this type of aircraft, with this basic type of armament. Then the Minister of National Defence in his speech in the house tells us that we must not dare to criticize the defence effort of the government because to do so would be to detract from that defence effort.

Another example of serious deficiency in equipment, in spite of the expenditure of nearly five billions of dollars which we will have made by the end of this fiscal year, is in the lack of an up-to-date aircraft carrier. It was suggested, not just recently but some time ago, that the carrier was then obsolescent, and it is suggested that it is now obsolete. One cannot talk carelessly about replacing an aircraft carrier as though it were something that could be done overnight or even in a year. But we have not been told of any steps being taken to replace —not just to overhaul—the *Magnificent*, and to have an aircraft carrier capable of handling jet aircraft, which surely must be the minimum if we are to assume the anti-submarine role which has been assigned to us.

I turn now to the question of our reserve force. It is most regrettable that there was nowhere in the minister's statement any mention worthy of the name of Canada's reserve forces. Perhaps that is not as strange as it might seem at first sight, because it is my belief, after consultation with officers in the reserve army, and after reading some of the statements made by the defence association, that so far as the preparedness of our reserve force is concerned, so far as their readiness for mobilization is concerned, it is a matter of shame and regret and not one of pride. I use those words deliberately, and I want to make it clear that it is not the fault of the officers and men of the reserve forces, but rather the fault of the system under which they are compelled to work.

This deficiency with respect to our reserve force carries more significance and more cause for alarm and disturbance when we read the minister's statement made in the house on February 5 of last year when he was referring to the general subject of defence. Speaking in the house on that occasion the minister, describing Canada's role and obligation to contribute forces to the North Atlantic Treaty Organization, said, as reported at page 95 of *Hansard:*

> In addition to whatever army forces we have in Europe—

And that is of course the 27th brigade now over there.

> —our army role in NATO is to provide a strategic reserve.

As has been pointed out, a strategic reserve in that sense does not mean anything like the reserve forces we have in Canada. A strategic reserve must be a reserve available to be placed in the field immediately as and when strategic reserves are needed—not a reserve which can be called up by a leisurely process of mobilization such as we knew in Canada when, at the time of the last war—and we were working under the same system then—it took us four years to mobilize five divisions. It is not that type of reserve at all, not a lengthy and leisurely mobilization of non-permanent forces until they are ready for the field. This type of strategic reserve refers to quite another concept of reserve forces.

Not only is the department to be criticized because we are not remotely prepared to discharge that type of obligation, in view of the sad state of Canada's reserve force, but it is imperative that we be informed by the minister what has happened to change the picture to such an extent that we have the Secretary of State for External Affairs (Mr. Pearson) declaring recently in the house that Canada has no commitments to the North Atlantic Treaty Organization beyond the one brigade now in Europe, and that that is the limit of our commitments up to 1954. That was the very clear statement made in the house a couple of weeks ago by the Secretary of State for External Affairs.

I should like to know how that statement is to be understood when it is read in conjunction with the earlier policy statement of the Minister of National Defence, that one of Canada's roles in NATO is to provide a strategic reserve.

In dealing with this subject of our reserve force, mention must be made of the Canadian rangers. When one talks to men out in British Columbia who had experience with the Pacific coast militia rangers during the last war, one realizes that there is obviously a tragic waste of the services of these men who are able and willing to make a most valuable contribution to the defence effort of this country. I should like to put in a word with the minister for the organization of the Canadian rangers, if that is what they are to be called—instead of the Pacific coast militia rangers—that at least in British Columbia he should let them be organized on a basis which has some semblance of reality. There are men out there who know how this should and could be done. Yet, so far as I am able to learn, their advice has been completely disregarded, with the result that the organizational structure of the Canadian rangers in British Columbia is completely unworkable.

What has happened? Apparently someone sat down in Ottawa and drew a series of lines on the map, dividing the province into zones and allocating one unit to a zone. In some cases these zone boundaries follow the lines of rivers. The result is that communities which have a complete identity of interest with other communities in the area find themselves on the other side of the line on the map, and thus in another zone, and

not placed with a community just across the river, or perhaps up the stream a little way on the other side of the river—they find that they are not placed with communities with which they have constantly and normally worked in matters of this kind.

This is just one further example of the state of unreality in our defence planning. It would seem that someone sits down and draws a line on a map, without consulting anyone who has had experience as to what would be the best way of organizing the Canadian rangers in British Columbia, either with reference to the proper boundaries of a zone, or the size and type of unit to be organized in a zone.

All this adds up to a situation which is desperate—and this applies to all aspects of defence preparedness, navy, army and air force, the state of equipment and the state of reserves, with which I include the Canadian rangers, formerly known as the Pacific coast militia rangers in British Columbia—all this indicates a situation that is desperate when viewed in terms of the money we have spent already and the money we are being asked to authorize this year.

Although we will have spent just under $5,000 million on defence by the end of this fiscal year, a careful review of what we have been told, read in the light of what we have not been told but should have been told, produces the numbing realization that those who are planning our defence and its integration with our North Atlantic allies are moving in a sphere as far removed from reality as it is possible to be.

What do we have? We have a navy stated to be primarily a submarine hunting force but with only one obsolescent carrier and so far as can be ascertained no additional or new carriers called for. Let me just refer to what the white paper on defence said with regard to the navy, as is found on page 7 of that document, as follows:

> It has been demonstrated in the past that carriers and their aircraft are essential to the successful execution of naval action; especially is this so in the case of anti-submarine warfare which is expected to be a vital commitment of the Royal Canadian Navy in the event of another war.

We have a navy with only one obsolescent carrier and no plans made for additional or new carriers.

We have an army of three isolated and independent brigades, not trained to operate together and totally without armour. The brigade in Europe is virtually an orphan. There is no complete picture as to what operational role that brigade will be called upon to fill, under whose command it will be and with what formation it will serve. We have an army of 49,000 men without even a formation of division size, completely without reserves and with no reserve unit capable of immediate mobilization. We have an army where it is typical for cooks for a parachute battalion to be trained on electric ranges.

We have an air force with a conglomeration of aircraft, some jet-powered and some piston-engined. Many of the jets are obsolete; the piston-engine class are even more so. The special Canuck interceptor fighter is not even commencing production after we have spent scores of millions of dollars and after many loud boasts have been made about the imminence of the production of these aircraft in numbers.

We have an army which is virtually at a standstill with respect to equipping and training on new and up-to-date materials, with all the difficulties and delays that are imposed on training because of the premature and unwise decision to standardize on United States lines. That has apparently been now abandoned except with respect to some artillery weapons. This is not being wise after the event because we warned the minister of the dangers of an early decision to standardize on United States lines. We told him that in our opinion that decision should not be taken. It would be interesting to know, and I think we must be told, how much time and money has been wasted as a result of this decision and what the backing away from it will make necessary in the way of additional expenditure.

We find a situation where at the time of the last white paper 56,000 civilian personnel on a full and part-time basis were required to look after a defence force of 80,068, or nearly two civilians for every three service personnel. The proportion today is as great or even greater according to the information the minister has given.

This is a situation which is bristling with questions requiring answers, not evasions; requiring answers as to what is being done to bring our reserves into a state of readiness; whether mobilization will be made possible in a reasonable time and not a matter of years. It requires answers as to what is being done to make Canada well equipped with fighting tanks. What is being done as to standardization? What is being done so as to equip our air force with adequate armament? What is being done to equip and prepare our navy to discharge its submarine hunting role which has been laid down so clearly for it?

It is a situation that indicates without room for argument that the minister has a heavy responsibility to answer for a story of errors, inadequacies, waste, duplication and inefficiency.

In closing I want to contrast this situation with some of the words which the minister used toward the end of his statement when he told us that to criticize would be only to say, "yes, but," and that to criticize would somehow or other be merely a display of hindsight. We are being asked to authorize the spending this year of $2,100 million. That being so, is anyone more entitled to say "yes, but" than the taxpayer, when he is the man who must pay the taxes from which this money is to come?

Surely the taxpayer is entitled to ask this question—or to have his elected representatives in parliament ask it for him. Does the minister really mean to say, when fifty cents out of every tax dollar asked for in this year's estimates is going to be spent by his department, that the taxpayer has no right to say, "yes, but"? Does he mean to say that the taxpayer has no right to say: Yes, I am willing to put up the fifty cents, but I think it would be better spent if it was spent on giving us a little more up-to-date armament and a few tanks, instead of spending so much to build up a public relations force for the minister, or to enlarge the scope of his headquarters by employing so many civilians to serve such a comparatively small number in the armed forces?

There is a definite right on the part of the taxpayer, and members of parliament on his behalf, to say, "yes, but". There have been many deficiencies and failings in the minister's discharge of his responsibility for the adequate preparation of our defences, but none so glaring as his totally unjustified assumption of omniscience and superiority in his condemnation of any possible criticism before it had even been voiced. We are dealing here with a proposed expenditure of $2,000 million, and yet the minister says: Do not criticize or attempt to show that we are doing anything wrong or that anything we are doing should be done in a different way; to do so will be merely showing hindsight.

The very fact that we have so tragically little in the way of forces in being at this moment and are proposing to spend this vast amount extra and will still have only very limited increases in our available striking force by the end of the year constitutes the strongest possible condemnation and criticism of the defence program of which the minister is in nominal charge. The whole situation with which we are confronted indicates to my mind that the minister, far from adopting this perverted attitude in connection with his relationship to the House of Commons and the country, should instead be inviting not only the house but the country to take a second look at defence; should be explaining why after having spent $2,500 million in the last two years there is virtually nothing to show for it, and why we are being asked to authorize another $2,000 million. Up to date we have had little in the way of concrete information as to what we are going to have in being at the end of this year.

I believe that the whole situation calls for a total reassessment of our defence effort and a far greater concentration on the preparing of our forces in Canada with equipment and weapons which have some relation to reality and to the necessary state of preparedness and equipment to meet and to beat the only foe we shall ever be called upon to fight.

Mr. C. W. Carter (Burin-Burgeo): Mr. Speaker, as one who had the privilege of serving in two world wars I am naturally interested in all matters pertaining to defence. Today I should like to draw attention to one aspect of national defence which in my opinion is of vital importance. Last Thursday the minister placed on *Hansard*, at page 1084, an estimate of the enemy's strength. One hundred and seventy-five active Russian divisions represent 2,800,000 men whom Russia now has under arms, and one-third of these are mechanized. On mobilization this number could be doubled. We are informed from various sources that Russia has about 25,000 tanks, 20,000 aircraft and 350 submarines. In addition she is feverishly rearming her satellites, Poland, Czechoslovakia, Roumania, Bulgaria and Hungary.

The question naturally arises: For what purpose has this overwhelmingly powerful force been built up? Certainly it is not to protect Russia against any possible aggressor. The Kremlin knows full well that there is no nation in the world today that wishes or is likely to wish to invade Russia. To find the answer we must examine the idea that dominates the rulers and people of Russia; the idea which determines everything they think, say and do; the idea which controls every phase of their national life, even their music. That idea was born 100 years ago in the mind of Karl Marx. Professor Theophil Spoerri, of Zurich university, has analysed it in these words:

> With the communist manifesto (1848) comes the first expression of a new ideology: Marxism. Marxism would never have been so powerful if it did not arise out of reality. Marx's primary concern was man himself. "To be radical means to grasp the matter by the roots. For mankind those roots are man himself." Marx showed how through the economics of capital man himself became a thing. The worker sold his strength and time as goods. Thus work becomes the cause of alienation, divided personality. In this way being becomes materialistic.
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> Against this process of making things out of man, out of society, and out of nature, Marxism directs three positive basic principles. First, the "Praxis"

(practical program). "Philosophers have interpreted the world. The point is to change it." That is not only a challenge to action. It is a new philosophy: truth is only found in action . . . Secondly, the "Kommune,"—society. Man is not a private individual. He is a social creature. He becomes real only in relationship to other men. The goal of history is to do away with the barriers between men and classes: the "classless society." Thirdly, the "Totale," the whole. In this faith in a new order of society there lies an unconscious religious element. Through Karl Marx the Jewish Messianic creed has permeated the modern labour movement. It is in the sense of the whole (the "dialectic movement,"—through opposites towards a synthesis), that every individual finds his rights, all divisions are cured and all fixations broken.

In political terms this idea is described as a "people's" democracy to distinguish it from our "western" democracy. This "people's" democracy offers social justice, order, discipline and equality—but at a price; the price of tyranny and a brutal and ruthless suppression of the individual for the benefit of the masses. A former communist has summed up the religious aspects of communism in the words, "A vision of man without God." It is a system which denies the existence of God. It sets up the state as the supreme authority and forces man to live for society and not for himself. In social terms it is a force that transcends all frontiers and all barriers of class, wealth, race or colour. An ex-communist describes this force as follows:

Communists are bound together by no secret oath. The tie that binds them across the frontiers of nations, across barriers of language and differences of class and education, in defiance of religion, morality, truth, law, honour, the weaknesses of the body and the irresolutions of the mind, even unto death, is a simple conviction: It is necessary now to change the world. Their power, whose nature baffles the rest of the world, because in a large measure the rest of the world has lost that power, is the power to hold convictions and to act upon them.

The key then to the whole communist philosophy lies in these words: "It is necessary to change the world", to change it by every means available, economic, political, psychological; by peaceful means if possible but by force if necessary. This then is the reason and purpose for the huge Russian war machine; to change the world, to change the present system, to impose upon the world the communist way of life. We therefore have to meet two powerful forces, the Russian military might and the far more powerful communist ideology which it is meant to serve.

The Korean aggression alerted us to our real danger. Last Thursday the minister reported the progress we have made in building up our forces and our plans for the current fiscal year. A few days ago the Secretary of State for External Affairs (Mr. Pearson) brought us up to date on NATO; and this, together with reports from the United Nations, indicates that on the political front we are holding our own and have even made some advances. The taxes we have to pay remind us continually of the efforts that are being made on the economic front, and we are well aware of the great advantages we enjoy on the industrial front by reason of our great natural wealth and our industrial potential.

But it is the ideological front with which I am concerned today. This is the most important front of all. The battle goes on continuously without ceasing and it is a struggle for survival. The Christian idea of man as a creature of God and the communist idea of man without God cannot exist side by side in the same world. The struggle must go on until one or the other triumphs. Success on other fronts cannot result in a lasting peace. The best it can produce is an armed truce in which the cold war will continue as fiercely as ever, with endless taxes and endless money and energy being poured into non-productive channels instead of being used to serve the needs of humanity.

On the other hand, if we win the war of ideas we cannot possibly lose on any other front, and lasting peace and all those other things for which our comrades fought and died in two world wars will be assured.

A great European scholar, Professor Eiliv Skard, dean of the faculty of humanities of Oslo university, has this to say:

We live in an ideological age. I think it is necessary to stress it. The man who is not clear on that fact does not really understand his time. We know from the history of the last years that a nation with a false ideology can ruin the world, and we know that a nation without an ideology will go down.

We have, Mr. Speaker, two enemies, the Russian military might and the communist ideology. We can meet military power with military power. We can match economic force with economic force. We can check political moves with political counter-moves. But no military, political or economic force can defeat an idea. An idea can only be conquered by a better idea, an ideology only by a superior ideology.

Do we have such an idea? Can we develop a superior ideology? The answer is yes. We in the western democracies are a little shy and timid when it comes to talking about ideologies. We almost feel it is a sign of weakness even to mention the word, so we try to meet the passion and plan of alien ideologies with talk, with lip service to high ideals, and as a last recourse with force. Then we hope to live on as we have always lived, selfishly, comfortably and undisturbed. The truth is that we do have a superior ideology.

The Christian idea with its moral and spiritual values, upon which our western democracy is based, is far superior to the communist idea and far more radical and revolutionary. Communism does not go to the root of the trouble, because it seeks only to change the system. The Christian idea goes further; it seeks to change man himself.

The claim is made on every hand that human nature cannot be changed. That is the big lie of our time. It is the lie on which communism bases its justification for the class struggle. It is the lie behind which we hide when we are unwilling to change. It is a lie that has been disproved over and over again in the history of the Christian religion and is being disproved by overwhelming evidence around us every day.

We do have a superior idea capable of developing unity between people of every race, class, colour and nation. It is the Christian idea, which is the very foundation of our democratic way of life. The thing to do, as my colleague from Trinity-Conception (Mr. Stick) has pointed out, is to live it; because only if we live it can it achieve its full force and vitality.

Last Thursday the Minister of National Defence (Mr. Claxton) stated that NATO represented a new concept in international co-operation and organization. We are a partnership of free nations bound together by a common danger represented by a common enemy. That concept will become much more meaningful, however, and the partnership far stronger when the countries of NATO are bound together by a common ideology based on a common set of moral and spiritual values. Only then will we be equipped to move from a partnership of fear to a partnership of faith when the common danger is surmounted. It has been said in this house that our policy is one of peace through strength. No nation is strong that is ideologically weak; and it has been demonstrated that the strongest army cannot long defend a weak ideology.

Russia has mastered and perfected the art of ideological warfare. So skilful has she become in applying this new war strategy that already she has conquered eight nations of eastern Europe and gained the alliance of a large part of Asia without employing a single soldier and without firing a single shot. Today in every nation of the world communist agents full of zeal for their cause are busy undermining the nations from within so they will fall an easy prey to the communist idea. We know how these agents work, how they use propaganda to spread fear, confuse issues and undermine confidence in our national leaders; how they mobilize the negative forces of fear, greed, hate, resentment, suspicion, lust, pride, ambition and selfishness; how they seek by every means to weaken and destroy a nation's morals.

How else can we meet this threat, unless we begin at once to build up our ideological defences, to forge ideological weapons and learn to fight ideologically, as Russia does? Doubtless that was what General Eisenhower had in mind in the paragraph to which the minister called particular attention at page 1083 of *Hansard,* and which I repeat:

> The momentum must be continued with renewed vigour, and since moral force is the genesis of all progress, especially progress towards security and peace, we must give primary attention to this vital element.

In his address to the senate foreign relations committee in Paris last July General Eisenhower had this to say:

> The one thing I want to stress at the beginning is this: the struggle going on in the world is for the minds and hearts of men. It is an ideological struggle. There is every possible way of going about the thing, and open warfare is only one method.

No one can escape the ideological war. It is total war. It involves both civilians and the armed forces. Everyone needs ideological training. It has to start somewhere, and in my opinion the logical place to start is with the armed services, for these reasons. They have the organizational framework in which such training can be carried out immediately. Secondly, it is a weapon of definite value in battle, since soldiers inspired and moved by the fire and zeal of a militant ideology have a definite advantage over those who are not. I think this has been proved by the fanaticism and determination shown by the communist troops in Korea. Besides all this, should a war break out between the communist countries and the democracies, even if the democracies secured a military victory, what then? Can the democracies police Asia? Can they feed the teeming, hungry millions of India and Asia? If not, what is the answer? Surely the solution lies in giving them an idea bigger and better than communism to live for and be governed by.

Our armed forces are the ambassadors of the democracies among the people of the nations where they are serving. By their conduct they interpret democracy to those people, and if they give an adequate demonstration of the democratic way of life there is no doubt that this idea will capture the hearts and minds of the people among whom our forces are serving.

I think we have been somewhat reticent in facing realistically the need for ideological training for our forces because the armies of the communist world have attached so much importance to it. It is their daily fare,

completely integrated with their training in arms. We have tended to regard it with the distaste we feel for propaganda, a distaste that has been developed by the communist prostitution of that fundamentally decent word and procedure. However, we cannot afford the luxury of self-righteousness or oversensitivity in this respect. The attack is real, the weapons are real, and the techniques are real. It is an attack launched and maintained by trained men. We may hate the intent and its methods but to ignore either is to court disaster.

I should like to commend the step taken last year when the bureau of current affairs was set up for the Canadian armed forces, to help the serviceman determine that which he had enlisted to support and that which he must be prepared to oppose. As an initial step it was excellent. By introducing discussion group techniques it has enabled a trial and error experiment to be carried out which by this time should have established what problems have to be overcome, what methods are most effective and exactly what is required to achieve the objectives announced by the minister last year.

I had a great deal of experience with this kind of work in world war II and also in adult education in civil life, and for that reason I have had a special interest in the B.C.A. program. I know from my own experience and from the experience of my opposite numbers in the United States forces during the last war how difficult it is to get area and command headquarters to support such programs on their own initiative. I know how difficult it is for the young junior officer to initiate such a program without some special training, without proper accommodation and without other physical requirements essential to its implementation. I understand the reaction of the officer who regards it as just one more chore for which he is Joe. I know how easy it is for those who are hostile to the program to sabotage it, and discredit it as somebody or other's special pet whim. Finally, I realize the danger that negative and subversive elements may take advantage of it to defeat it and deflect it from its true purpose.

I should like to see the B.C.A. program integrated with other training programs. I should like to see adequate provision for training schedules, and the means of implementation in various formations authorized by national defence headquarters. I should like to see training schools and short courses for selected officers who are to implement the program, just as is given in the case of gas warfare, guided missiles and any other specialized arm. From my own experience, I know that mere information, in itself, is not sufficient. Academic discussion of topics, however timely, however interesting, is not enough. This has been proven over and over again by the discussions under ABCA in the British army, and the even more elaborate information and educational program of the United States army. To be effective for ideological training, the information must have ideological content, and both the information and discussion must be geared to ideological objectives. It is also essential that men giving leadership in this program are themselves convinced that we have the superior ideology.

In order that there be no misunderstanding, I should like to list what I consider to be some of the main objectives of an ideological training program:

1. To give personnel a vision of what inspired democracy really is—a vision of mankind working out its destiny under the guidance of God.

2. To give personnel a clear understanding of the moral and spiritual truths upon which this vision of inspired democracy is founded, which has given it strength in the past and upon which its future survival depends.

3. To develop a fighting faith in an idea far bigger than man himself, an idea which will satisfy all their inner longings and aspirations and to which they can give themselves completely and fully. That is what communism does for communists.

4. To train personnel to be ideologically minded; to be able to discern the ideological battlelines that run through all the issues and problems of our present day, whether in politics, business, industry or in the home.

5. To enable personnel to recognize the ideological content of communist propaganda whether spoken, written or printed and to meet it with a counter ideology.

6. To recognize material with ideological content and sources of such material.

7. To give personnel basic knowledge of the nature of alien ideologies and their fundamental principles.

8. To train personnel to recognize the ideological weapons and tactics used by the enemy, and to develop counter weapons and tactics for democracy.

9. To enable personnel to understand clearly in simple positive terms exactly what Canada is fighting for, and what we are fighting against. To say we are fighting for the four freedoms or against aggression is not sufficient.

It should be obvious that mere information and academic discussions cannot achieve any

of these objectives, because ideological training affects the heart and will as much as the mind and intellect. I hope the minister will find it possible to give some consideration to these suggestions, because much of this kind of training need not cost the taxpayers one extra cent and the total cost is comparably insignificant. Without it, we cannot achieve maximum effectiveness of our efforts in other directions. With it, we cannot possibly lose. It is an iron-clad guarantee of total victory and lasting peace with minimum cost and effort.

I realize that there are difficulties. I realize that Canada, in military terms, is a small country, but a small country with a big idea can change the history of the world. Napoleon said that there are only two powers in the world, the sword and the spirit. In the long run, the sword is always defeated by the spirit. This dictum so applicable in Napoleon's time is even more pertinent today when the enemy is communist ideology as well as Russian military power.

Hon. Brooke Claxton (Minister of National Defence): Mr. Speaker, this is not a substantive motion and I understand that consequently I have no right of reply. A number of questions have been asked, and if it were to meet the wishes of hon. members I would be glad to try to answer them.

Some hon. Members: Agreed.

Mr. Claxton: In the course of the debate which has taken place a number of members have dealt with the same matters, and I have tried to collect their comments under as small a number of headings as possible. Perhaps the point that was made most often by members of the opposition groups was that our 27th infantry brigade in Europe should be an armoured brigade. To this, other assertions were added, such as those made by the hon. member for Kamloops (Mr. Fulton) that we have not got a scrap of armour, not an operational tank and so on. It was suggested also that we should have built tanks in Canada. These points of view are serious, and I believe have largely been dealt with by the hon. member for Westmorland (Mr. George) in his speech last Friday night.

There are additional points I should mention. This 27th Canadian brigade was announced for the first time in this house on May 4, 1951, when its composition was announced. The next day there appeared in the newspapers a full page advertisement for the 27th Canadian infantry brigade group. That was eleven months ago. At that time the house was in session and there were many opportunities, including nine days spent on the estimates, when anyone who was critical of the organization of this brigade might have raised his voice. Then we had a fall session. During that session the question of defence was discussed on the resolution moved by the Prime Minister (Mr. St. Laurent) on October 22. While I do not suggest that the approval of that resolution by the house without a dissenting voice meant that the house approved everything the government had done, I do suggest it presented an opportunity for any hon. member who felt that something had not been done correctly to say so.

It was not, however, until the hon. member for Nanaimo (Mr. Pearkes) spoke on the radio program "The Nation's Business" in January that this suggestion was made. Long before that time this brigade had been equipped, trained and transported to Germany where it was stationed. If this suggestion was intended to be placed before the government in time for it to take effective action, it was too late. I think there appears to be a good deal of misunderstanding about the composition of an infantry brigade group. This term does not apply to any fixed set of formations, but generally speaking it is taken to mean a formation which includes three infantry battalions, an artillery regiment, a tank squadron and all the other formations necessary to enable that group to operate as an independent unit. It was that type of organization we created to send to Korea, where it has been found that its general balance of arms and of formations has met the need admirably. No other formation has a better record. The composition of the various formations has been the subject of continuous examination not only by the officers of our own armed forces but also by those of other forces. So far as I know, it has not been suggested by anyone in a responsible position we followed the wrong course either as to weapons or organization.

One of the newspapers said that this brigade "consists of foot-soldiers, the PBI, in army parlance, each man equipped with a rifle and nothing more". The fact is that only 40 per cent of the men are armed only with rifles. The rest have mortars, machine guns, 25-pounders, anti-tank weapons, rocket launchers, flame-throwers and, finally, tanks. As I say, the composition is designed to enable the brigade to train and fight alone or in association with larger formations.

The 27th Canadian infantry brigade group is practically identical in composition with the 25th brigade groups. It has tanks. The armoured unit in Europe is equipped with Centurions which we have bought from Britain, whereas in Korea we are using the No. IV, which is the latest model of the

Sherman which we bought from the United States. In Europe our brigade is operating as an independent brigade; it is not formed into any division or corps. It is training as an individual brigade; and it is planned to establish it in its own training area towards the end of this year.

An armoured brigade group is a new term, I think. We know of armoured brigades—

Mr. Harkness: We had them in the last war.

Mr. Claxton: An armoured brigade group of the type such as I have mentioned, which can operate independently? I am informed that one has never been formed.

Mr. Harkness: We had two of them in the Canadian army.

Mr. Claxton: We had an armoured brigade, as I understand it, namely, a brigade of armour which was not designed to operate separately but rather was designed to operate with one or more divisions. The establishment that I have been given to enable an armoured brigade to constitute an independent armoured brigade group operating separately would be, by a good many hundreds of men, a larger establishment than the one for the Canadian infantry brigade group. In other words, the suggestion that this procedure would save men is entirely ill-founded. It would take more men to operate this brigade group as an armoured brigade group than to operate it as an infantry brigade group.

Mr. Fulton: I think the suggestion was that it would save men by establishing more efficient use of men.

Mr. Claxton: The suggestion was made that it would save men.

Mr. Fulton: That was not the main import of the suggestion.

Mr. Claxton: Well, it was said. I do not know whether it was what was meant. The suggestion was made too that we should send not troops but technicians.

The next point I want to make is that it was never suggested to us that we should send an armoured brigade group. In fact the contrary suggestion was made.

We have been acquiring tanks from the British at the fastest rate they could deliver them to us. We have now received delivery of over 40. Some of them are in Europe and the rest are in Canada. We shall be taking more on an order which is well over 200. We are taking them as fast as we can secure them.

Mr. Fulton: Are those all Centurions?

Mr. Claxton: Yes. I do not believe it would have been possible to get Centurions before we got those that were delivered to us. Certainly it would not have been possible for us to manufacture Centurions in Canada before the first Centurions were delivered to us inasmuch as they had not reached the stage, even in England, where production could have been commenced in Canada and developed to the point where there would be actual delivery. From the point of view of time, I am informed by the Department of Defence Production that there is nothing in that suggestion, that we are getting Centurions as fast as we could, and that we are getting them in as large numbers as we can.

With regard to the suggestion that we should manufacture tanks in Canada, I would point out that we would not have a large enough requirement for tanks to justify our setting up the tools, equipment and production machinery necessary. We would also find ourselves equipped with all the tanks we could possibly conceive of our needing in another world war, should it come; then the productive capacity would be idle and we would find ourselves with an aging group of obsolescent tanks and faced, at some stage or another, with the necessity of repeating the operation five, six or seven years later.

Mr. Fulton: I am sorry to interrupt, but if the minister will permit me to do so, may I say that I am sure he will admit that the suggestion was never confined explicitly to manufacturing tanks only for Canada. It was rather to manufacture tanks on the same basis as that on which we are now manufacturing the F-86E, namely, for ourselves and for our allies.

Mr. Claxton: To give them away?

Mr. Fulton: I do not understand we are giving away the F-86E.

Mr. Claxton: Yes, every one of them; that is, to Britain. We have indicated what we propose to give away, and what we propose to give away are the types of equipment that we ourselves need and that other countries need, which are not being manufactured in sufficient quantities by other countries and which we have the special facilities to produce—for example, the gun plant at Sorel or Longueuil—whereas a tank factory would require entirely new facilities.

Finally, may I say that there are two additional reasons why it makes sense for us to purchase Centurion tanks. One is that, by placing this order in Britain, we enable the British to build up a production line and that enables them to produce larger numbers of tanks at lower costs, a result that is greatly to be

desired from the point of view of over-all defence planning. It also helps to give economic assistance to the British by reason of the fact that we pay them for what we get, including these tanks.

As to the equipment that we have ordered from the United States, we ordered tanks—Pattons and others—but it has been found necessary to make substantial modifications in those types, and they will not be in production by the time we hope to have delivery of the Centurions which have proved themselves to be good tanks in battle in Korea.

With regard to other types of equipment which we were going to acquire from the United States, there have been delays; but surely hon. members were not surprised at the fact that there should be delays when they recall what happened in Korea after the orders were placed. Delivery had been commenced in respect of equipment we had ordered and which was to be delivered to us; but it was found that it was more urgently needed somewhere else. We had equipment to meet our own needs, both in Europe and here, and it made sense that the United States type of equipment we had ordered from that country should be used for other purposes.

Referring to the air carrier, hon. members have suggested that we should modernize the *Magnificent*, or get more of them. *Magnificent* in its present condition is a carrier of a type still in current use in the Royal Navy. There is in process a procedure of modernization, refitting and the like; and when its turn comes *Magnificent* will be exposed to that procedure. That is taking place in accordance with arrangements which have been worked out with the Royal Navy.

We have considered adding another carrier to our navy, but it would mean giving up something else, or getting more money—because we cannot use the defence dollar twice. The operation of carriers is a large-scale business. There are only four countries on our side, so far as I know, which have carriers—the United States, the United Kingdom, France, and ourselves. And the number is not very great. However there are some in reserve. We feel it very desirable that we should have one carrier for training or operations on anti-submarine activities; but to have two of them would be a pretty considerable undertaking for us in peacetime.

As our role is largely anti-submarine, the Avenger aircraft, with which our carrier is fitted, are very suitable for this purpose, and will probably continue for some time to be more suitable than any jet yet in sight for anti-submarine work. Jets, which have a short range, a high landing speed and not a very high load-carrying capacity, are not considered yet as suitable entirely for the purpose. It is not expected therefore that for this purpose jets will come into active operation until some time in the fairly distant future.

Questions were asked about the progress of the CF-100. The CF-100 and the Orenda engine were started late in 1946. Detailed design was commenced in the middle of 1947, and the first prototype was flown in January, 1950. That is about three years after the start, which is considered good time for the first flight of a new type of aircraft. The tests both of the engine on the ground and of the aircraft and engine in the air proved satisfactory. As I have said before, both the manufacturer and the R.C.A.F. felt that they would be in production much faster than is the normal time for the development of a new type of aircraft. It turns out that it is not much faster, but about the same as is usual for similar types of aircraft of a totally new design. The CF-100 pre-production order is well on the way to completion now, with several aircraft about ready to be delivered. I saw them two weeks ago in Toronto. The engine plant will begin production on a regular production-line basis in June. It will be at half the planned rate in September, and running at the full planned rate in 1953.

I expect we will be producing enough Orenda engines to enable us to begin using them in the F-86E early in 1953. That engine will give the F-86E still more speed than it has today—and it is generally recognized as the fastest aircraft there is.

The next point mentioned was with regard to standardization. I did not say anything about it in my introductory remarks, because there have been no major developments. There is steady progress at the working level, working out the specifications and, in some cases, the design for equipment. A good many kinds of procedures and types of equipment have been standardized but the situation with regard to the rifle remains much as it was.

Following the meeting of defence ministers of the United States, France, Great Britain and Canada in Washington last year, we agreed to refer the matter to the standing group. The committee appointed by the standing group made a report to the meeting of defence ministers at the North Atlantic council. That report was considered, and was the subject of discussion between Mr. Churchill and myself in London in November, and here in January, in the course of which he told me that they had decided not to go into all-out production of the .280, but to

continue development work looking toward production at a date some time in the future.

Meanwhile the United States has said it will not be ready to change from the Garand .300 for several years. That is the situation. We have rifles of the .303 No. IV which are being used by our troops in Korea, and are still found satisfactory as the .303 always was. Our troops in Europe are also equipped with the .303. We have considerable numbers of .303's in Canada, and also of Garands. We do not propose to go into production of rifles until the situation becomes clearer. We have enough rifles to see us through the first year of a war. We have good production equipment, could go into production and reach a high rate within a short time so as to produce rifles for ourselves and our allies to meet our needs, and to assist in meeting theirs.

The suggestion was made that we are short of equipment in Canada. For example, take 25-pounders. We have all the 25-pounders we need. We have given away several hundred, and we will continue to keep the rest until we acquire the 105 millimetres, which we are going to produce in Canada, as well as the 155.

A question was asked also about the situation regarding anti-aircraft guns. It was said that we had given away all our anti-aircraft guns, and that we are doing nothing about it. We gave away one hundred 3.7 guns and replaced them by one hundred 90 millimetre guns acquired from the United States. We have more on order from the United States and we have a still larger number of 3.7's in our own possession in Canada. When we get the guns from the United States we shall probably release further guns to Europe.

I was asked to give some figures on construction. The 1952-53 program includes a carry-over from 1951-52 of $198 million. This represents contracts which have been let and which we expect to complete in 1952-53. The program for 1952-53 provides for an additional $46 million of contracts to be completed this year.

As I explained, this construction is required by reason of the greatly increased size of the armed forces and increased operations. We will have to carry on a construction program of somewhat this magnitude for several years yet before we have the accommodation and training and operational facilities needed for our forces as presently planned.

Reference was made to the number of civilians in the armed forces. Our position on this has been made clear on a number of occasions. The policy is to use a civilian in place of service personnel in every case where it would be possible to use a civilian in wartime. If we have a stenographer or telegrapher or clerk at national defence headquarters and do not need to have that person in uniform in war, then we employ a civilian.

The figure of 40,000 civilians which I gave includes both classified and prevailing rates. The actual number at February 28, was 39,398, of which 20,093 are classified and 19,305 prevailing rates employees. The latter figure includes some 5,000 casual workers who are engaged at camps and the like for short periods. The figure of 19,305 prevailing rates employees covers workers engaged in the dockyards, in the shops, at camps and so on, just as if they were employed by an ordinary employer. They receive the rates of wages prevailing in the locality for their types of work.

Since Korea, where the strength of the armed forces has increased 100 per cent, from 47,000 to 95,300, the strength of civilian employees has not gone up anything like that amount. Further, the number of service personnel at national defence headquarters has only increased by 255 or 12 per cent since Korea, whereas the total strength of the armed forces has increased by 100 per cent. These figures can be better examined when we get into a detailed discussion of the estimates. I assure hon. members that this question of the size of the armed forces and the way in which they are employed is receiving continuous consideration at every possible level.

We can say, and I have said before, that applying the same standards to the forces of other countries, our forces are equally operational or even more so. For example, over forty per cent of the men in the navy are at sea; our fliers have more hours of flying per month for each man on the strength of the air force, and that kind of thing. We are not satisfied merely to compare our standards with those of other countries and we must continue to do increasingly better in every respect.

The next point mentioned was that of obsolescent equipment, having regard I understood particularly to aircraft. We are going to replace obsolete equipment as fast as we can with better equipment. We are producing the F-86E at a rate which compares favourably with production in the United States. We expect to be able to meet our commitments for deliveries to the United States and to Great Britain and to equip our own twelve squadrons as well as the necessary reserves. We expect to be doing the same with the CF-100, using it for the defence of Canada. As the CF-100 comes

into operation it will be issued to the squadrons, both active and auxiliary, which may be using Mustangs or Mitchells.

However, both the Mustang and the Mitchell have been found to be exceedingly rugged and useful aircraft right up to the present time. They would be very useful in connection with the kind of operation that might have to be engaged in should we be attacked in the near future. The Mustang has a range and speed which makes it well able to take on the type of bomber which might reach Canada according to our present information.

With regard to Harvards, our production rate is substantial and able to meet our requirements. We are not going to produce quite as many Harvards as we at first planned, but we will be producing more of the new jet plane, the T-33, which is the modern version of the P-81.

The hon. member for Brandon (Mr. Dinsdale) referred to the armament of the F-86. As he understands, the question of aircraft armament is highly controversial. It is also one that is much easier to discuss with the technicians. As I have told him, they will be available at any time. The situation as it has been explained to me is this: About a year ago it was felt that the F-86E should be equipped with a gun larger than the 50 calibre. Long before that research and development work had been going on with various types of 20-calibre guns and rockets. However, the record still speaks for itself and indicates that the armament of the F-86E is still adequate to shoot down far more MIG's than the reverse.

The MIG-15 has three heavier guns, but they have a slower rate of fire and a much lower muzzle velocity. Therefore their lethal quality is quite different from that of the F-86E. In the hands of a good gunner the latter appears to be the better equipment.

The hon. member for Calgary East (Mr. Harkness) referred to wastage and he mentioned a figure of 15,279 wastage as compared with an intake of 41,757. I would submit that statistically the correct operation is to relate wastage to the total strength. If you do that you get a figure of about 15 per cent which compares favourably with any figure we had during the second world war or in the period between world wars. Except in so far as it reduces the number of trained officers and tradesmen, wastage is one way of developing trained reserves. In countries which have compulsory military training of eighteen months or two years you have a very large proportion of the total trained personnel going back to civilian life every year. On a two-year basis 50 per cent will go back every year, and that is considered a part of the normal operation of building up trained personnel who act as a reserve. In Canada we have had 26,000 officers and men leave the armed forces since the end of the second world war, and a very considerable proportion of them are available for service in the event of an emergency.

The hon. member, at page 1130 of *Hansard*, referred to the situation at Claresholm, where he said:

> Apparently the housing situation was bad; houses were needed, so they sent in a whole bunch of metal prefabricated units. They came in and were put on a siding before the contracts had been let for their erection or for the plumbing, wiring and so on. As a result there was no one to unload them, so special people had to be hired to do that job.

Then he said a little later:

> So they sent a bunch of people to load these prefabricated houses on railway cars and ship them out; then they started all over again. I do not know where those houses have gone, but I have been led to believe I would not be far wrong if I said they may be in England at the present time. How much money was lost in that deal I do not know, but it must have been many thousands of dollars.

The fact is that 150 prefabricated houses were ordered and delivered in January in accordance with the order on the site at Claresholm. Tenders were called by Central Housing and Mortgage Corporation for the erection of the houses this spring with the beginning of the building season. The contract was awarded ten days ago. The contractor is on the job and about to start work. None of these houses has been taken anywhere. There is nothing whatever in the story.

The hon. member also referred to the question of reserves. I mentioned the total strength of the reserves as being 58,000. We have had really remarkable support of the active forces from the reserves during the year. Over 5,000 members of the reserve forces have gone active duing the year 1951-52. Despite that the number of the reserves has increased, and despite the loss of what must have been some of their most active and enthusiastic members the amount of training done during the summer months was about the same as the year before. About 11,000 personnel engaged in summer training.

The reserves have a role which has been explained so many times in the house that there is no need for me to enlarge on it. I have referred repeatedly to the really great contribution they make by devoting part of their time to the service of Canada. It was on the base of the reserve forces that the Canadian forces in the great war of 1914-18 and

the second world war were built up. We are in a different position now with many more forces in being than we had before either of the two world wars.

The hon. member for Kootenay West (Mr. Herridge) referred to batmen. Batmen are provided only for single men living in barracks or camps and the scale is one to four junior officers. Only in the case of officers of the rank of colonel or above living in married quarters is a servant allowed.

The hon. member referred to men joining the reserve forces as athletes. I would be glad if he would bring such cases to my attention. I have heard about this matter from time to time. It is strictly against the regulations and the practice, but if it happens, we will take action.

Then he referred to a situation I could not quite place but I rather took from what he said that he had reference to Kildare barracks on Laurier avenue. The squatters were put out of there a year ago and it was occupied as single men's quarters. A complaint was made by people in the neighbourhood that we had these soldiers living there and there were no curtains or blinds. So blinds were installed long before the provost corps moved into the building, and it is now occupied by three officers and thirty-six men.

A question was raised as to education in the armed forces, and in that connection I might refer the hon. member to the answer given in the house to the hon. member for Winnipeg South Centre (Mr. Churchill) on the 20th of November, 1951. Provision is made for the education of members of the armed forces. It is done under the same system as that under which the Canadian Legion educational services operated during the war. The same material is used, but instead of using Legion personnel, who were paid by the Department of National Defence during the war, we now use Department of Veterans Affairs personnel who are paid by the Department of National Defence. In addition, we have educational officers with the units and they have staffs who distribute literature about the courses, make books available, collect papers, forward them to the Department of Veterans Affairs for correction, and so on. It is the same arrangement we had during the war.

The hon. member for Burin-Burgeo (Mr. Carter) referred to the bureau of current affairs. It is working well. Training courses have been given already for officers who are assigned to lead their men in discussion groups and the like, and periods of as much as an hour a week are provided for that activity.

The hon. member for Three Rivers (Mr. Balcer) raised several questions. One was as to the status of our troops in Germany. He expressed surprise that our troops are not there as occupation forces, but that is the situation. We were not an occupying power and we thought it would be most improper for our troops to go there with the status of occupation forces, to be brought in as an occupying power, as was permitted under the statute, within a matter of months possibly of the end of this arrangement and while discussions for the termination of the occupation were actually under way between the representatives of Britain, France and the United States and the representatives of Germany. It did not seem to be a sensible course for us to take up a special role for a limited period. On the other hand, from the point of view of immunity from criminal law, taxation and the like, we have the same rights as if we were occupying troops. The only difference is that we do not add to the cost of occupation. As I pointed out the other day, we pay for what we get. The suggestion was made that we pay the British for our rations and they keep the money. That is not so, of course. We pay those whom we have to pay, either to the British or the Germans, in such a way that the actual costs of occupation are not increased by reason of our being there. On the other hand we took the view that since the accommodation we went into in December was required anyway, our having to go there did not add anything to the cost of occupation in that respect.

The hon. member also referred to the fact that we were using Russian supplies. I have heard of this before and assume it is correct that some of our troops received some salmon which came from Russia, as part of the British ration that was issued to them. I do not know if it is seriously suggested that I should take this up with my opposite number, Lord Alexander, and suggest that our troops be not issued with Russian salmon. Such a course would not do the Russians any harm; it would not do us any good, and it would not do the British any good, so I do not think there would be much point in taking that course.

Finally the hon. member for Three Rivers (Mr. Balcer) again referred to the fact that the armed forces do not have as high a proportion of senior officers of French origin as they should have. I wonder if he saw the answer I gave to the hon. member for

Portneuf (Mr. Gauthier) on December 17, 1951, as it appears at page 2056 of *Hansard*. The question was:

What were the ranks of officers of French origin who were in the Royal Canadian Navy, the Canadian army, and the Royal Canadian Air Force active forces and what are their present ranks?

The relevance of that question is that the senior officers of the armed forces today with hardly an exception have been promoted from the officers who were in the armed forces in 1939. The only exception that occurs to me at the moment is the chief of the air staff, who was then in the auxiliary air force. The way to judge the proportion of officers of English and French origin, if you want to go in for that kind of thing, is to compare the rank in 1939 with the rank they hold today. That comparison has been made, and I think the hon. member will see that officers of French origin have done very well indeed. I followed through the career of each, and found that on the whole they have achieved their present status at about the same time as or a little ahead of and at a little lower age than their English-speaking comrades. I found the same thing to be true on making an examination of officers of the rank of major and above now in the armed forces. Those of French-speaking origin have reached their rank with a little less service and at a slightly lower age than the officers of English origin. This I suggest indicates that any discrimination that exists is in favour of the French-speaking officers, which it seems to me is desirable, because, as I have pointed out so many times, the possession of French is a positive military asset.

The hon. member for Kamloops (Mr. Fulton) made a number of remarks. I think most of the questions he asked and most of his statements having to do with facts already have been dealt with, and I will not say anything about the rest.

I have only one or two things to say in conclusion. One is that I do not think it is realized to what extent the activities of our armed forces are being carried on outside Canada. Since Korea over 30,000 members of the navy, army and air force have seen service outside Canada. Of these over 14,000 have served in the Far East, and most of the rest in Europe and the United Kingdom or at sea, with some in the United States taking courses. This indicates something of the size of the operation in peacetime, and the wide extent of our commitments today.

I cannot help mentioning the reference by the hon. member for Kamloops to the picture of a paratrooping cook coming down with a kitchen range from Petawawa camp. I do not think that requires much in the way of answer or comment. We have cooking equipment at Petawawa, and we have cooking equipment for use by paratroopers and others in the field. Men receive training in the use of equipment of that character in field operations, but fortunately they do not spend all their time paratrooping. The troops have to be fed 365 days in the year, so it is not a bad thing to have cooks trained to cook on ordinary kitchen ranges at static establishments.

In conclusion, Mr. Speaker, I should say that I agree with the leader of the opposition (Mr. Drew) that this was not the time to go into the figures in great detail, though I would have been prepared to do so had it been desired. Before the estimates are considered in detail in the committee of supply I expect to issue a paper, as we have done in previous years, which can serve as a useful basis for a full and detailed examination of the estimates.

Mr. Hees: I wonder if the minister would permit a question. I referred to the matter of payment of a clothing allowance to Korean veterans, but in his remarks the minister made no reference to that matter.

Mr. Claxton: I beg your pardon. At page 1156 of *Hansard* the hon. member said:

When a man is released from the Korean force he receives one week's rehabilitation leave. That means that a private, first class, who is single and who has served in the Korean force for at least one year receives $28, made up of pay and allowances for one week. Before his discharge he makes out an application for war service gratuity, but he is given no indication as to when he may expect to receive that gratuity, or even if he will ever receive it. He is simply given his $28, and out he goes.

Now, at the end of world war II every man or woman in the service was given a clothing allowance of $100 upon discharge—

The hon. member left out a good deal of what the man receives. First of all he receives thirty days' leave. Then he receives two and one-half days leave for each month of service in the Far East. Then if he is a member of the special force he receives seven days rehabilitation leave, all with pay and allowances. Then he receives a war service gratuity of fifty cents for each day in the Far East; and if he is in the special force that is paid at once. He receives seven days pay for each 183 days of service in the Far East, and then he gets a re-establishment credit equal to the war service gratuity or a similar benefit under the Veterans Land Act. In addition he gets the benefits that are applicable under the veterans charter, as they have been extended to the men who served in Korea.

With regard to the clothing allowance, that has been receiving consideration but no decision has yet been made.

Mr. Drew: There is one point which I do not think is quite clear on the record. In answer to a comment by the member for Kamloops (Mr. Fulton) concerning the production of airplanes for our associates in NATO, the minister said "Would you give them away"? Then, in response to a further question he said that we are giving them away, every one of them. It seems to me that may leave an incorrect impression on the mind of anyone reading that statement. I would refer the minister to a statement which was issued on February 14, 1952 and which said that the planes to which the minister is obviously referring are being produced—that is the airframes are being produced—in Canada as part of a three-way joint program under the NATO agreement. The announcement was made simultaneously in Ottawa, London and Washington. The announcement made on February 14 appeared in a Canadian Press dispatch, and I shall quote the first paragraph:

> Canada is joining in a three-way arrangement with the United States and Britain to build, equip and man squadrons of F-86 Sabre jet fighters for the North Atlantic treaty defence force.

Then the air force secretary in the United States, Thomas K. Finletter, was quoted in an Associated Press dispatch of the same date as saying:

> The partnership of the North Atlantic treaty nations was exemplified in a signal way today with the simultaneous announcement at Ottawa, Washington and London of an arrangement whereby the three countries will combine to equip and man squadrons of Sabre fighters.

Again reading from the Canadian Press dispatch, I quote the following:

> A spokesman, enlarging on the announcement, said Canada would supply the airframes for the Sabres, with all other parts, including engines, coming from the United States.

That, Mr. Speaker, does not seem to be a gift in the ordinary sense of the word. If the statement issued by the spokesman for the Department of National Defence on February 14 is correct, this is one of the arrangements growing out of the Lisbon conference about which perhaps we might have had more information in this discussion because the same spokesman informed the Canadian Press that this would amount to some hundreds of planes. I think all hon. members would have been very glad to have more of the details, and it does seem to me that this is certainly not a gift to Britain of planes. It is a three-way arrangement for the benefit of the general forces under NATO, and in fact it is said that it will be for the purpose of strengthening the North Atlantic treaty forces commanded by General Eisenhower.

Mr. Claxton: I am glad the leader of the opposition (Mr. Drew) raised this point, because I do not want to leave any incorrect impression. The statements from which he has just quoted were made by me, and of course I have no reason to correct them. The arrangement came about in this way. The air minister for the United Kingdom in the Labour government, the Right Hon. Arthur Henderson, on several occasions asked me if we could make some F-86E aircraft for them so as to fill the gap. After a good deal of discussion we agreed to do that on condition that the United States would supply what is called the government found property, which we are not ourselves in a position to provide. This includes engines, instruments and in the earlier aircraft, the armament.

Negotiations were carried out on a tripartite basis, and they resulted in an agreement being made before Lisbon, early in February, under which the United States would provide the government found property without which we cannot make the aircraft. We would build the aircraft and deliver them to Britain. The value of the government found property is approximately thirty per cent of the whole cost of the aircraft.

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

DEPARTMENT OF TRADE AND COMMERCE

441. General administration, $617,795.

Item stands.

DEPARTMENT OF RESOURCES AND DEVELOPMENT

374. Departmental administration, $415,389.

Item stands.

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

257. Departmental administration, $970,160.

Item stands.

DEPARTMENT OF LABOUR

187. Departmental administration, $598,070.

Item stands.

Progress reported.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

Hon. Douglas Abbott (Minister of Finance) moved:

> That Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

He said: Yesterday, Mr. Speaker, I made a slight departure from usual practice by

tabling the budget white paper which hitherto it has been customary to table during the course of the budget speech; and I would hope that the house would give me unanimous consent to have it printed as part of today's *Hansard*.

Mr. Speaker: Is that agreed?

Some hon. Members: Agreed.

I did this for two reasons. The first was to give all hon. members an opportunity to examine the basic facts and figures more carefully and in a more leisurely fashion, and to do so in an atmosphere free from the distractions that perhaps accompany the annual statement of proposed tax changes. My second reason was that by transferring to the white paper the greater part of the general economic review, which is an essential introduction to the budgetary proposals, it will not be necessary for me to take up so much of the time of the house traversing this ground orally. In these general matters I shall limit myself this evening to drawing some of the implications and indicating the probable trend of events in the year ahead of us, in so far as they impinge upon budgetary problems.

We can look back upon the past year with a considerable degree of satisfaction. It has not been an easy year, but it has been a year of solid achievement. We have passed through one critical period, but equally serious dangers still lie ahead. Although we and our friends of the free world are now somewhat better prepared to meet them, there is no room for complacency. We still have the more costly part of our defence program immediately ahead of us. However, if we are equally resolute, energetic and fortunate during this year and the next, there is good prospect of achieving in the not too distant future, perhaps not a world of genuine peace and good will, but at least a position of reasonable confidence and security that can be maintained at a somewhat lower cost than we are now compelled to carry.

Our major difficulties are international in their origin. We are playing a full and constructive part in all worth-while endeavours to build the foundations of a safe and peaceful world. We are co-operating in those aspects of the work of the United Nations where useful progress is possible. We are participating effectively in the Colombo plan, and our role in building up the strength and the health of the north Atlantic community is commensurate with our interests and capacity. On the broad principles of these policies we are a united country, and I am sure I am expressing the thoughts of all groups and parties in this house when I pay tribute to the work of our Prime Minister (Mr. St. Laurent) whose leadership, moderation and good sense have played an important part in world affairs during the past three or four years.

For the Canadian economy 1951 was a good year. Its first half was dominated by strong inflationary pressures, but as the year progressed these pressures became less severe, and by the end of the year they had been brought under control.

Gross national output in 1951 was 17 per cent higher than in 1950. About two-thirds of this increase was due to higher prices and about one-third to increased real output.

Capital investment in 1951 once again reached record levels, and was probably at or close to the limits of our present physical capacity to expand plant and equipment without materially reducing our production of consumer goods. Government policy has played its part in guiding or steering an increased proportion of this new investment into lines which made the best contribution to our defence potential and to the enlargement of the foundations of our future progress.

Like my colleague the Minister of Trade and Commerce (Mr. Howe) I am satisfied that the deferred depreciation regulations have played an important part in restraining a good deal of capital investment that would have been of a less essential character in our present context, and in directing investment toward currently more essential ends. No changes in the principle of these regulations are presently contemplated, but I can assure the house that we do not like regulations of this sort and that we shall be most happy to modify or withdraw them when the proper time comes.

A year ago I stressed the importance of greater savings if we were to carry through our essential investment programs for defence and for resource development without increased inflationary pressures. In 1950 personal savings had fallen to about $700 million or less than 6 per cent of disposable personal incomes. In 1951 I am glad to report that despite higher income taxes and higher prices personal savings nearly doubled, reaching a total of almost $1,400 million, or more than 9 per cent of disposable personal incomes. To some extent the high rate of savings in 1951 was the counterpart of the low rate in 1950. The rate of saving was low in 1950 because of the heavy wave of consumer buying after Korea, and was high in 1951 because many purchases had been anticipated and quite a few consumers had to save more in 1951 to complete payments on goods purchased the year before. Higher interest rates and the more attractive terms of the sixth Canada

savings bond series undoubtedly had some influence toward increased savings. I should also like to thank the National Council of Women and their affiliates in all parts of Canada for the excellent thrift campaigns they have been sponsoring during the past six months. Thrift and saving are still virtues, and I urge Canadians to keep up in 1952 the good record they made in 1951.

The restraints placed on consumer credit have also played an important part in reducing inflationary pressures and in improving the current savings ratio. These regulations were admittedly severe, but the inflationary pressures were such that strong measures were needed. As these pressures eased we were able to relax the regulations to some extent. I keep these matters under frequent review, and as soon as it seems sensible to do so we shall relax them again.

Preliminary estimates of net farm income in 1951 indicate a record level of more than $2,100 million, an increase of nearly 40 per cent over 1950. Excellent crops in all parts of Canada and higher prices for most farm products combined to produce this result. Due to unseasonable weather on the prairies not all this income was realized in cash, but the cash will flow in as the harvesting is completed this spring. Farmers are continuing to invest heavily in efficient modern labour-saving machinery. Farm implement purchases to the value of $137 million were financed under the Farm Improvement Loans Act, an increase of 35 per cent over 1950. These increasing investments in machinery and equipment are largely offsetting the decline in the numbers of farm workers, and given normal growing conditions I would expect farm crops and farm incomes to be well maintained in 1952.

The outbreak of foot-and-mouth disease in a small area of Saskatchewan has been an unfortunate event, and has temporarily upset the movement of livestock and meats to their normal markets. Prompt and vigorous measures have been taken to eradicate the disease, and so far these have been successful in confining the outbreak within a very small area. To ensure that the disease is completely eradicated quarantine and other control measures will have to be continued for some time.

The government is compensating those whose animals or other property have to be destroyed and is prepared to use the Agricultural Prices Support Act to assist the livestock industry in this difficult period. It is expected that normal movements of meats and freer movements of livestock within Canada will be resumed very soon, except in the areas directly affected. The resumption of normal export business is still uncertain but it is hoped that it will be not too long delayed.

When I brought the budget down a year ago we were in the midst of a strong inflationary movement. At that time I described at some length the measures we were taking to bring this inflation under control. I referred to the economies in the government's non-defence spending, the reductions in the numbers of employees in the civil service and the increase in the civil service hours of work. I told the house we were determined to follow a fully pay-as-we-go fiscal policy. I referred to the actions taken to restrain credit expansion, both consumer credit and bank credit. I announced new regulations relating to deferred depreciation, and I made a special plea to all Canadians to raise their productive efficiency and to increase the volume of savings. I pointed out that while we could not wholly insulate ourselves from price increases in the outside world, we could and should control the inflationary forces generated within our own borders. I concluded by saying that the measures we proposed went to the root of the matter, but that in their nature they would take time to operate and could not produce dramatic results overnight.

I feel justified this evening in saying that our policies have proved to be wise and right. Events showed that the inflationary virus in our economic bloodstream had taken a stronger hold than I had anticipated, and that the price increases that occurred before our measures took full effect were about 5 per cent greater than the forecast on which the budget was based. Looking back now we can see that the rapid rise in wholesale prices began to moderate in April-May, the peak point was reached in July, and since then each month has shown a small but steady decline. The February, 1952, index was nearly 5 per cent below the July peak and 2½ per cent below the February, 1951, level.

The cost of living index normally parallels the wholesale index, but moves more gradually and lags a few months behind. The rapid rise in the cost of living index began to ease off in the late summer, though the highest point was touched just at the end of the year. In three of the last four months the index has declined. It is now back to the August, 1951, level, and is about 1½ per cent below the peak.

Inflationary pressures have also waned in the United States, but they remain uncomfortably strong in most of the rest of the world. As I have told the house on many past occasions we can hardly expect to have much less inflation than exists in the

United States—our economies are too closely intermingled and theirs is so much larger—but unless we manage our affairs well we could have a great deal more. The return of our dollar by normal market forces to parity with the American dollar—at present indeed to better than parity—has also had its moderating effect on Canadian prices.

In 1951, Canada's foreign trade reached the highest level in our history, both in quantity and value. Our total exports during the past year rose by 9 per cent in quantity and by 25 per cent in value over 1950. There was a large increase in exports to overseas markets, with sales to the sterling area one-third greater than in the previous year. Imports from all countries also were sharply higher, and for the year as a whole exceeded exports by $120 million. However, during the past six months imports have tended to fall from the previous peak while exports have continued at a high level so that we have had a trading surplus in each of these months.

In the past year there was a sharp deterioration in the balance of payments of the sterling area. The United Kingdom and other sterling area countries have taken strenuous measures to right the situation. I am hopeful that these measures will bring about a fundamental improvement in the position of this great trading area. These developments are inevitably affecting our trade, and the markets for some of our products have been reduced. However, as my colleague the Minister of Trade and Commerce indicated, there is good reason to believe that our exports as a whole to the United Kingdom during 1952 will be larger than in the previous year.

While our balance on international current account showed an excess of payments over receipts amounting to well over $500 million, nevertheless there was a small increase during 1951 in our exchange reserves resulting from a continued heavy inflow of foreign capital into Canada, chiefly from the United States. Our net capital inflow in 1951 was about $560 million, as compared with over $900 million in 1950. About one-half of this inflow may be said to have been initiated in Canada, in the sense that the funds were borrowed by Canadians, chiefly provinces and municipalities. Most of the rest was an inflow initiated from abroad in the form of investment in new developments or the expansion of established projects previously financed from abroad. I am not one of those who view with alarm a considerable amount of foreign investment, but I welcome the fact that such a high proportion of our new investment was financed by our own people. Of our tremendous new capital investment program in 1951, the highest in volume ever reached, about nine-tenths was financed out of the savings of the Canadian people.

During the past three months our official holdings of gold and United States dollars have shown little change. On March 31 they stood at $1,787 million, or $8 million more than on December 31, and $134 million more than a year ago. Between January and August last year our reserves declined about $180 million. In the remaining four months of the year they went up by more than $200 million, and since then they have shown little variation from week to week. I may say, in passing, that I expect that the 1951 report of the foreign exchange control board will be ready for distribution immediately after the Easter recess. Since foreign exchange control terminated on December 14 last, this will be the final report of the board.

Employment and earnings have reflected both the impact of the defence program and the hesitations in the civilian sector of the economy. Taken as a whole employment and labour income have never been higher. Industrial employment averaged 220,000 above 1950, and unemployment averaged 60,000 below 1950. Total labour income was up by 17 per cent. Average weekly earnings in December 1951 were 12 per cent above 1950, and hourly earnings were 15 per cent higher. The average number of hours worked per week during the year declined by 1 per cent, from 42·3 to 41·8. During the past six months pockets of unemployment have developed, and during the past winter total unemployment was somewhat higher than a year ago, though lower than two years ago. As in the United States and elsewhere unemployment of greater than seasonal magnitude has occurred in textiles and in consumer durables, in both cases largely due to heavy anticipatory buying twelve to eighteen months ago and to consumer reluctance to pay higher prices. Price reductions in both these fields have resulted in some pick-up in buying during the past two months and I would hope that this trend will continue.

I have already described the past year as one of solid achievement. We have made substantial progress in our defence program, and the inflationary spiral has been brought to a halt. There remains, however, a strong inflationary potential, and any series of events that sharply increased either international or industrial tensions could revive these direct inflationary pressures and put our economic defences to a renewed test.

The present prospects for 1952 are for continued high levels of employment and business activity, but with some unevenness

in their distribution. Some lines and some regions may experience demands that will fully or more than fully tax their available resources. Other lines and other regions may find their resources less than fully employed.

I expect 1952 to show further increases in total output. Last year our gross national output reached $21·2 billion. For budget purposes I am assuming that output in real terms will advance another 4 or possibly 5 per cent and that prices will lie somewhere between no change from 1951 and 2 per cent higher. If one takes the lower of both these assumptions, that is a 4 per cent increase in output and no change in prices, gross national product in 1952 will reach $22 billion. If one takes the higher of both, that is a 5 per cent increase in output and a 2 per cent increase in price, our gross national product will be about $22¾ billion. All these estimates assume good average crops, continued increase in general productive efficiency and no serious or prolonged industrial work stoppages. In the light of presently observable trends, I am basing my budget on an expected gross national product that will closely approach $22½ billion.

GOVERNMENT ACCOUNTS, 1951-52

In reporting on the results of the past year I should point out that although the fiscal year ended a week ago it will be some time before the final figures will be available, and the figures I shall use tonight are necessarily preliminary and subject to revision. A great deal of detail is given in the white paper I tabled yesterday, and this evening I shall touch only on the main trends and highlights. But before I do so, may I first say something about the general problem of forecasting revenue and expenditure, and explain how these forecasts are compiled.

We have heard a good deal from some quarters in recent months about bad budgeting. Year by year my Conservative friends opposite have charged me with being too optimistic. The hon. member for Greenwood (Mr. Macdonnell) not so long ago, when I was budgeting for a $20 million surplus, gravely rebuked me for being reckless. Only a moderate worsening of conditions, he warned me, would plunge the national treasury into a deficit. But year after year as we approach the end of our fiscal period these same hon. members join in quite a different chorus—we have overtaxed the Canadian people! Let me say quite plainly, Mr. Speaker, that so long as we have such years of rising prosperity as we have experienced while I have been Minister of Finance I am not going to apologize for having a surplus and making some reductions in the deadweight of our huge national debt.

I shall not repeat the figures which I have given and which my parliamentary assistant has given to the house on several occasions; but I will say, with all due modesty, that no minister of finance, provincial treasurer or any head of a national treasury with anything like comparable tasks has made as consistently good a record of forecasting of revenue and expenditure as has the Canadian minister of finance in the past five years.

How are forecasts made? First, take expenditures. Estimates have to be compiled by the departments in the autumn, six to eighteen months before the expenditures are to be made. Some of our operations are standardized and can be readily forecast from year to year. Such are family allowances or the interest on the national debt. In other cases, for example, compensation for the slaughter of diseased animals, payments on construction projects, or the deficit of the C.N.R., the disbursements to be made twelve or eighteen months hence are very difficult to forecast. However, experience has shown that it is usually possible to forecast total expenditures within 2 or 3 per cent. An exception, of course, is large scale defence procurement such as we are now undertaking. Last year we planned, and parliament authorized, defence expenditures in the total amount of $1,725 million. Actually we have spent about $1,441 million, or a shortfall of $284 million. How could this come about? Let me give an example. We had planned and expected to spend about $210 million on major defence construction projects; but because of difficulties of design and construction, and shortages of labour and materials we have found it possible to spend only about $165 million on these projects before the end of the year. The acquisition of machine tools, and of military equipment and its components in the United States poses exceptionally difficult problems of estimation as to final cost, delivery dates and dates of payment. In the year just ended the story has been one of unavoidable delays and postponements. This year it may be that deliveries will come forward much more rapidly than we now expect.

Considering all the difficulties, no one can be surprised that our total expenditures for the year just closed should turn out to be about 1½ per cent below what I forecast a year ago.

On the revenue side the problems of forecasting are closely tied to general economic trends which are not easy to predict. Practically all our revenues are from taxes which

are in terms of percentages of incomes, of imports or of sales. To forecast the yield of the personal income tax we have to look ahead over the next twelve months and estimate how many people will be employed month by month, whether and to what extent wages and salaries will go up, the prevalence of much overtime or much short-time, the dividend policies of corporations, and the aggregate profits or losses of half a million farmers, tradesmen and professional men who are self-employed. A year ago I thought that there would be an increase of possibly 12 per cent in salaries and wages during the year and consequently I budgeted for an increase of $218 million in revenue. In fact, wages and salaries increased by 17 per cent, and personal income tax collections went up $328 million, or $110 million more than I had forecast.

Corporation income tax yields are still more difficult to estimate because, as is well known, corporation profits fluctuate much more widely, up and down, than do personal incomes. Last April I had expected to take in an additional $177 million under this head during the year. In fact our receipts increased by $335 million or $158 million above expectations. There is a special technical difficulty in forecasting corporate income tax yields. Each year the forecast has to be made on such facts as are available by the middle of March, at a time when most Canadian companies have not yet published their annual statements. Last year the preliminary March estimates of total profits in 1950, based on the limited evidence then available, turned out to be 12 per cent below the revised figures published by the dominion bureau of statistics many months later. The fact that I was forecasting from a base 12 per cent too low accounts for a considerable part of what proved to be a 16 per cent underestimate in this tax.

The yield of the customs tariff depends on the volume, the prices, the nature and the source of our imports. Our excise tax yields depend upon the ups and downs of prices and upon how much and in what form people will decide to smoke during the coming year, or how much they are going to spend on cars, radios, or a hundred and one other things. In the whole field of commodity taxes my forecasts a year ago have proved to be 12 per cent too low in the case of customs duties and 6 per cent too high for excise taxes and duties. On the sales tax I was almost exactly right. Grouping together all commodity taxes and non-tax revenues our receipts were just about 1½ per cent above the forecast. That, I should say, was a very close estimate.

All our tax yields, both income and commodity taxes, are directly affected by changes in the price level. If prices go up, our tax yields rise; if they go down, our tax yields fall. To show how sensitive revenues are to even small price changes let me give the following illustrative figures. Our present federal tax structure produced a revenue last year equal to about 19 per cent of the gross national product; but a general increase in incomes would yield more than 19 per cent of added revenue because our tax structure as a whole is progressive. In the year just ended gross national product was $1·2 billion greater than my forecast, and total revenue was $273 million more than I had originally expected. In other words, with an increase of 6 per cent in national product we took in 7½ per cent more revenue.

Every hon. member will agree, I hope, that it is not possible to predict with certainty the level of prices during any future twelve months to within one per cent. Yet on a GNP of $20 billion the difference between a one per cent rise and a one per cent fall in prices during the year is a difference of $400 million in GNP. Under our present tax structure, such a slight change in price could produce a difference of $80 to $85 million in our revenues.

Coming back now to our accounts for the year just ended, the over-all results are that our total revenues have been $4,003 million which, as the result of conditions I have just explained, is $273 million, or 7½ per cent higher than I forecast a year ago. Our total expenditures were $3,647 million, that is, $53 million or 1½ per cent lower than I had estimated. Our actual budget surplus for the year is, therefore, $356 million instead of the $30 million estimated last April.

There is little that I need add to what I have already said about revenues, but I should like to speak briefly about our policy in regard to expenditures—about economy.

An hon. Member: Hear, hear.

Mr. Abbott: I am glad to hear my hon. friend say "hear, hear" because I shall have something to say to him in a moment.

An hon. Member: It is a long time coming.

Mr. Abbott: Since the outbreak of hostilities in Korea the government has felt a special obligation to restrict severely its demands on labour and materials for non-defence purposes, and to make more than usual efforts to secure economy in its operations and expenditures. We have been striving to apply this policy during a period of buoyant prosperity in the nation as a whole, when businesses and consumers alike were spending on a scale never equalled before. During this time the Canadian people, and nearly all of us here representing them in parliament, have demanded expanded services and functions

from the government, just as expanded services have been demanded of business. These demands have brought about expansion in our services and our expenditures, ranging from such simple businesslike matters as postal operations to such major developments of national policy as the new old age security pensions. We have had further expansions in scientific research, in our immigration program, in our diplomatic service, in the work for the education and improved health of our Indians, in the surveying and development of resources—to name some of the outstanding cases where it has been the wish of parliament to expand. In other cases we have had to grow, along with the country and the volume of its business.

It has been against this trend, and in the face of rising levels of prices and wages, that we have had to seek economy and retrenchment, to make room for expansion in our defence effort. The results of our efforts are to be found in the details of our programs and expenditures and of the estimates for next year. Members who examine the tables of expenditure in the budget white paper will find many instances of reductions as compared with the previous year, notwithstanding an increase of about 10 per cent in the level of salaries and other costs. Allowance for this price factor will reveal more cases where the real content of expenditure is reduced. In other cases we have arrested an upward trend or natural growth. The results of these efforts, and of the more efficient carrying out of our continuing operations, have been overshadowed in the total expenditure figures by the increase in the levels of costs, and by those major decisions to which I have referred above.

The main problem in controlling our total expenditures lies with us right here in this house—and on both sides of it—in exercising restraint upon the constant demands for additional government services. It is much more a matter of broad issues of policy than of administration, important as that is. The scale of our defence budget is determined by policy developed in the light of the international situation. In its application there are of course real problems in securing economy and efficiency, especially when we must compete for men and for administrative ability with prosperous private industry. Apart from direct defence costs, our direct operating budget for this year is approximately $580 million, and our expenditures of a capital nature on government construction and equipment, including replacement of many buildings, ships and works worn out or outgrown, are only $157 million. Perhaps parliament can find items in these two categories where further economies can be made—and we shall seek them in day to day administration even after parliament votes the funds. But above and beyond these direct costs of government operations and facilities, we have now about $900 million in social security payments, $180 million for subsidies and tax rental payments to provinces, $440 million for interest, and over $100 million in contributions, grants and subsidies, including those to international agencies and programs. Any major reductions in expenditures can come only in some of these areas, or in defence. I believe that most Canadians want the government to do these things and are willing to pay what they cost. I wish to emphasize, however, that we cannot have all these and reduced budgets too. Canada is now a highly productive country and can afford these things we are doing—but only at the cost of forgoing expansion or improvement somewhere else. Just now there are more good, sensible things to be done in this country—by business, by governments and by individuals—than can be done all at once while the defence program goes on. Trying to do them all will only result in inflation. We must all hold some of our projects and programs in reserve, even though they are sensible or indeed profitable. For the government to share properly in this policy of self-restraint, it needs forbearance on the part of all those who have demands to make on the government for service, assistance, or public projects.

Because our budget surplus for the year was $356 million our net debt has been reduced by that amount. This is the sixth successive year in which we have had a surplus, and it brings to the very large and gratifying total of $2,344 million the amount by which we have been able to reduce the net debt of Canada since April 1, 1947. Applying the current average interest rate of 2·65 per cent on our outstanding debt, this represents interest savings of more than $62 million a year.

After adjusting the budgetary surplus for non-cash items and taking into account cash receipts from non-budgetary sources, we had sufficient cash available to meet essential non-budgetary cash outlays and provide for some reduction in funded debt. The non-budgetary cash outlays, all of which are of course authorized by parliament, totalled $653 million, and included such items as the following: advances of about $70 million to Central Mortgage and Housing Corporation for house construction and housing loans; loans of $139 million to the Canadian National Railways for necessary capital expenditures, including the refunding of securities; advances of $200

million to the exchange fund to finance the increase in our foreign exchange reserves consequent upon the flow of investment capital into Canada from abroad; and $95 million used to acquire materials essential to our defence program and held as current assets until charged as expenditures when embodied in finished goods.

After making these cash disbursements and drawing down our cash balances by $66 million, which left us only about $20 million cash on hand at the fiscal year end, we were able to retire outstanding funded debt to a total amount of $300 million as well as to acquire and withdraw from the market $156 million of our own securities, mainly for the unemployment insurance fund and the securities investment account.

The public debt operations of the government during the past year again included the redemption or refinancing of a large volume of matured or called bond issues in addition to the usual refunding of short-term securities. Funded debt payable in Canada amounting to $2,762 million matured during the year. Of this, $2,100 million was refinanced by refunding or conversion into new issues, and $362 million was covered by new money obtained from the very gratifying response to the Canada savings bonds campaign last fall. The remaining cash required—$300 million—came from our cash surplus. After taking into account certain minor non-cash transactions, the funded debt was reduced by a total of $324 million during the fiscal year.

FORECAST OF REVENUE AND EXPENDITURE, 1952-53

I turn now to a survey of our revenue and expenditure prospects for the new fiscal year. On March 19 I laid before the house the main estimates for 1952-53 providing for expenditures of $4,336 million, of which $2,106 million was for defence, $1,908 million for non-defence, and $322 million for old age security pension payments. These pensions, of course, are paid out of the old age security fund and consequently lie outside the scope of the budget proper, but they have been included in the estimates for purposes of record. The estimate of $2,106 million for defence is $665 million or 45 per cent more than our actual expenditures for that purpose last year. The estimates for our non-defence budgetary requirements are not comparable with last year's figures for they do not include provision for payments under the new tax rental agreements with the provinces which have not yet been concluded. If the eight provinces which came into the previous agreements all enter into the new agreements, as now appears probable, total payments under this head will amount to about $150 million in addition to the amounts shown in the estimates.

On the other hand, the estimates do include a number of items, such as the grant for assistance under the Colombo plan, which in the previous year were covered by supplementary estimates. Nevertheless, as in the past, some supplementary estimates must be expected, including provision for some items the nature of which is known but for which firm amounts are not yet available or final policy decisions have not been taken—the deficit of the Canadian National Railways, the grants to universities, and the subsidy on the movement of feed grains after the end of the current crop year, are examples of what I have in mind. I should also expect to make some further provision in our accounts for such items as the reserve against our active assets and the deficiency in the civil service superannuation account.

In line with past experience I expect there will be a shortfall of expenditures below the amounts provided by parliament in the appropriation votes. The amount of savings is difficult to estimate, particularly with respect to a defence program of the magnitude we are now engaged in. I should remind hon. members that the defence program necessarily involves very large long-term commitments, and the rates of expenditure under such contracts may be more or less rapid than we are presently estimating. My judgment, however, is that we are likely to have some shortfall rather than overrun, and I am budgeting on that basis.

All in all, I have concluded that I must expect total budgetary expenditures of $4,270 million, which excludes payments to be made from the old age security fund.

On the revenue side, forecasting is, as usual, difficult and subject to many uncertainties. However, on the premise that our gross national product for 1952 will approach $22½ billion and assuming no tax changes, I should expect that our total revenue, including old age security tax receipts, would be $4,630 million. The old age security receipts which I estimate at $235 million are, of course, earmarked for the old age security fund, leaving me about $4,395 million to cover our purely budgetary expenditures. I have had prepared the usual table showing a comparison of the revenue forecast for 1952-53 with the preliminary figures for 1951-52 for the convenience of hon. members. I would ask the consent of the house to have this incorporated in the record without my taking time to read it.

Some hon. Members: Agreed.

Mr. Abbott: The table is as follows:

Forecast of Revenues

(Before tax changes)

	Fiscal year 1952-53 (Forecast)	Fiscal year 1951-52 (Actual Preliminary)
	(in millions of dollars)	
Personal income tax	1,240·0	980·0
Non-resident income tax ..	60·0	55·5
Corporation income tax ...	1,257·0	1,134·0
Excess profits tax	....	2·2
Succession duties	43·0	38·0
Customs import duties ...	370·0	353·0
Excise duties	240·0	222·0
Sales tax (net)	540·0	583·0
Other excise taxes	340·0	316·0
Miscellaneous taxes	5·0	5·3
Total tax revenues.....	4,095·0	3,689·0
Non-tax revenues	275·0	276·9
Total ordinary revenues	4,370·0	3,965·9
Special receipts and credits	25·0	37·2
Total budgetary revenues	4,395·0	4,003·1
Old age security taxes		
2% sales tax	135·0	19·0
2% individual income tax	52·0	....
2% corporation income tax	48·0	2·0
	4,630·0	4,024·1

With estimated expenditures of $4,270 million and prospective revenues of $4,395 million, it would appear that in the absence of any tax changes we would have a budgetary surplus of $125 million in 1952-53. However, before dealing with the tax changes which I shall propose to the house, it is essential to consider not only the budgetary position but also our prospective cash position in order to make a proper appraisal of the outlook for the coming year.

We shall require about $90 million for housing loans, possibly $125 million for advances to the Canadian National Railways, $40 million for financing the acquisition of materials for the defence production revolving fund, and smaller amounts for other loans, investments and advances. There may also be outlays on replacement of military equipment in excess of the value of equipment transferred to our NATO allies in the current year and charged to appropriations.

Offsetting these will be cash receipts, including repayments of loans and advances and the net cash receipts of the various annuity, pension and other accounts which the government holds and administers. Taking all these factors into consideration, I should expect that apart from any transactions in our own securities, and any advances to or repayments by the exchange fund resulting from increases or decreases in our exchange reserves, the total of the cash required for our non-budgetary disbursements will be somewhat greater than the cash available from our non-budgetary receipts.

On the other hand the budgetary expenditures include items which do not require the immediate outlay of cash, and consequently the burden on our cash resources will be correspondingly reduced. My general conclusion is that unless there is a substantial change in the amounts advanced to the exchange fund our over-all cash surplus will correspond fairly closely with our budget surplus.

TAX POLICY

From the figures I have given as the best estimates that can be made at this time of expenditure and revenue for the coming year it is clear that there is not much room for tax abatement. That this would be the case has been evident to me for many months, and I have done my best on every occasion to warn the public against undue optimism and against irresponsible and misleading interpretations placed upon the interim monthly surpluses reported during the course of the year. In this house and elsewhere hon. members opposite have used these monthly figures to criticize the government's tax policy without apparently making the slightest effort to check the reasonableness of their inferences. For example, they have repeatedly quoted the fact—and it is a fact—that the monthly statement showed an interim surplus on December 31 of $722 million. They have implied that on this basis the final surplus was likely to be almost $1 billion. My hon. friends knew, or should have known, that such an inference was wholly unwarranted. Almost at the beginning of our annual public accounts there are three pages of tables and charts explaining in detail the seasonal nature of our revenues and expenditures. Hon. gentlemen opposite are in the habit of expressing great interest in the public accounts, but apparently in their study of them they have not got through the first six or eight pages. If they had they would have

learned that the final surplus is normally about half the interim surplus as of December 31.

Mr. Nowlan: Civil service superannuation.

Mr. Rowe: Just a million out.

Mr. Abbott: I am sure we shall have a very enlightening speech from the hon. member for Kamloops (Mr. Fulton) in due course. I can hardly wait for it.

Mr. Fulton: We shall do our best.

Mr. Abbott: A year ago, in the face of an extremely uncertain situation, I put forward what I described as a provisional tax program. This was done in the expectation that the outlook at home and abroad would become clearer. While the future is not free of uncertainty, the prospects are now sufficiently clear to justify moving toward a more stable pattern in our tax structure. The main essentials in a tax structure necessary to carry the civilian and the defence programs are that it should be adequate, efficient, fair and reasonably stable. To be adequate it is clear that I cannot offer any large net reductions in taxes this year. To be efficient and to be as fair as possible I shall be proposing quite a number of modifications, which on balance will provide some net reduction in tax revenues, though in certain instances adjustments in consumption may partly offset the adjustments in the tax rates. These modifications in tax rates, and some rearrangements in the grouping of tax commodities, will I believe put our tax structure into an orderly balance and, in the absence of substantial changes in the pattern of expenditure, provide some promise of reasonable stability in our tax structure for the immediate future.

Our total program of expenditure now consists, in round figures, of just over $2 billion for defence, nearly $1 billion for social security and pensions of various kinds, about $650 million for interest on the debt and payments to the provinces, and about $650 million for general administration and all the other varied activities of government. To this broad pattern of expenditures all parties in the house have subscribed in principle. While we will continue to press for maximum economies the only reasonable expectation we can have of real reductions in tax load must lie either in a lesser need for defence expenditure or in the steady increase in the wealth and incomes of our people, so that the present actual weight of taxation becomes a relatively lighter burden.

INCOME TAX CHANGES

Coming now to specific proposals I shall deal first with the corporate income tax. At present corporations pay, under the federal income tax law, 15 per cent on the first $10,000 of profits and 38 per cent plus 20 per cent of 38 per cent (the defence surcharge) on profits in excess of $10,000. This results in an effective rate of 45·6 per cent on profits over $10,000. In addition, corporations have been paying five per cent in the eight provinces with which we have had tax agreements, and seven per cent in Ontario and Quebec. Some time ago it was announced that the eight provinces would be asked to drop these five per cent corporate income taxes. They will be replaced by a five per cent increase in the federal rate. Concurrently provision will be made for a five per cent tax credit against the federal tax in respect of profits earned in Ontario and Quebec where provincial corporate taxes presumably will still be in force. This change will be essentially one of form rather than substance, and is designed to simplify administrative procedures. There will be no net increases in the taxes paid by corporations since the additional amount paid to the federal government will be only what they would have paid to the provinces. Our tax receipts will go up by $35 million on a full year basis, but our payments to the provinces will go up by an equivalent amount.

After this consolidation the federal rate on the first $10,000 will be 20 per cent with 50·6 per cent as the rate on the remainder. In the process of re-arrangement which will be effective as from January 1, 1952, the 50·6 per cent will be rounded off to an even 50 per cent. The revenue loss from this minor adjustment will be about $12 million in this fiscal year.

In considering the over-all tax position of corporations under this new structure it should be remembered that there is an additional two per cent tax on all corporate income imposed under the old age security act. To sum up then, the top corporate tax rate in Canada will be 52 per cent in eight provinces and 54 per cent in Ontario and Quebec.

Quite frankly, I am concerned that conditions make it necessary to maintain in our tax structure rates as high as this on business profits. My main concern is not with the current year or even possibly with next year. The ill effects of too high taxes can perhaps be endured for a year or two. But as I said last year, excessive rates of tax on corporate incomes if long maintained can do grave damage to the economy as a whole, and I say quite candidly that if I had more leeway

for tax abatement it is to income taxes, both corporate and personal, that I would give first consideration.

The house will recall that in my budget speech a year ago, I expressed special concern over the effect of our present high corporate tax rate on certain public utility companies which are forced by the nature of their business and their franchises to raise large amounts of capital to finance expansion of services required to be performed for the public, and which because of public control of rates are allowed to earn only a modest return on their capital. At that time I had in mind that we would be able to work out the details of a formula which would give such companies substantial relief from the 20 per cent surcharge I was then proposing. After a great deal of investigation we found it impossible to devise a practicable formula of the type I had in mind and so the whole idea had to be dropped.

During the past year much further study has been given to the problem and I have now decided to recommend a change in our law which I believe can be administered and which will grant a measure of relief to certain of these companies as long as the present very high corporate tax rate continues to apply. This relief will apply to companies whose main business is the distribution to, or generation for distribution to, the public of electrical energy, gas or steam, and will take the form of a deduction from the tax otherwise payable of an amount sufficient to reduce to 43 per cent the tax payable under the Income Tax Act on that part of a corporation's taxable income that is derived from such distribution or generation. This, it will be recalled, is the group of companies in respect of which the government of Canada now turns over to the appropriate provincial governments half of its collections of tax on the specified income, after deduction of certain types of tax paid directly by the same corporations to provincial governments. It is also, generally speaking, the group of companies which for a variety of reasons finds the greatest difficulty in securing adequate income to attract the heavy volume of capital required to keep pace with public demand.

I am well aware that the degree of relief which I find it justifiable to grant may prove disappointing to those concerned but I do hope that it will make a real contribution to a solution of a problem we all recognize. It was only with the greatest reluctance that I reached a decision to apply a reduced rate of tax to a named class of companies and I decided it should be done only as a temporary expedient. Hon. members will have noted from the explanation I have given that as the corporate tax rate drops from its present 50 per cent level (that is, excluding the old age security tax) the formula I am proposing will result in a lessening measure of relief to this special class of companies and when the rate falls to 43 per cent, the formula will cease to operate.

There will be some revenue loss from this proposal but the net effect will be relatively small, as an amount equal to half of the tax abatement would otherwise, under present arrangements, have been turned over to the provincial governments.

An interesting change I am proposing under the corporation income tax is that those crown corporations of the federal government which are designated as proprietary corporations, and hitherto have been exempt from tax, will in future pay corporate income tax to the federal government in the same manner as any privately-owned corporation. "Proprietary corporations" are those so designated under the Financial Administration Act, and generally speaking are companies which are carrying on business operations similar to and in competition with private business. One desirable result of this proposed action will be to make the financial statements of these crown companies more comparable with private industry, and make it easier to assess the relative efficiency of their operations. I do not expect this change to have appreciable net revenue effects. It will increase our tax receipts and reduce our non-tax revenue. All crown company profits eventually find their way into the treasury, and many of them already remit all or the greater part of their profits year by year.

Other proposals under the corporation income tax include the extension for an additional year of the allowances now granted for mineral and petroleum exploration expenses, including the so-called "deep-test" well allowance, the addition of another year to the period during which new mines may qualify for the three-year exemption, and various technical amendments of lesser importance which will be covered in the bill to amend the Income Tax Act.

In the personal income tax field a new rate schedule will be introduced. Into this new schedule I propose to incorporate most of the weight of the present 20 per cent surcharge. There will be some over-all abatement although in saying this I should remind the house that the two per cent income tax imposed by parliament last session under the Old Age Security Act will be coming into force on July 1 of this year.

The Budget—Mr. Abbott

The house will recall that one of the criticisms quite properly directed at the 20 per cent surcharge method of increasing the personal income tax was that it increased in a distorted manner the rate of progression in the income tax schedule. For example, it resulted in levying a tax of more than 100 per cent in certain circumstances. Everyone would agree that such a result is quite wrong, and in modifying the rate structure this anomaly has been removed and a more reasonable scale of progression has been established. I expect the revenue loss as a result of these changes to be about six per cent in a full year and this loss in revenue is a general indication of the average gain to the individual taxpayer. In other words, the average taxpayer will pay six per cent less than he would otherwise have done under the income tax law as it now stands. With the consent of the house I should like to insert in *Hansard* at this point tables showing the effect of the new taxes on taxpayers at various levels of income.

Mr. Speaker: Is that agreed?

Some hon. Members: Agreed.

Mr. Abbott: The tables are as follows:

Present and Proposed Income Tax
Single Taxpayer

Income	Tax for 1952 at Present Rates	Tax in Full Year at New Rates	Percentage Reduction from Present Rates	Tax in 1952 (6 months at present rates 6 months at new rates)
$	$	$	%	$
1,000	....	....	....	....
1,200	36	34	6	35
1,500	90	85	6	88
1,800	144	136	6	140
2,000	180	170	6	175
2,250	231	218	6	225
2,500	282	265	6	274
2,750	333	313	6	323
3,000	384	360	6	372
3,500	498	470	6	484
4,000	612	580	5	596
5,000	840	800	5	820
7,500	1,524	1,450	5	1,487
10,000	2,352	2,250	4	2,301
20,000	7,152	6,750	6	6,951
30,000	12,792	11,950	7	12,371
50,000	26,177	24,354	7	25,195
75,000	44,717	41,554	7	42,965
100,000	64,457	60,004	7	61,960
200,000	151,697	141,404	7	145,880
400,000	339,737	318,344	6	327,570

Note: (1) In calculating the above taxes it has been assumed that all incomes up to $30,000 are entirely earned incomes, and that incomes of more than $30,000 include earned income of that amount and additional investment income to make up the total. No account has been taken of the 10 per cent tax credit for dividends from Canadian corporations.

[Mr. Abbott.]

(2) The Old Age Security tax of 1 per cent on taxable income (maximum tax $30) in 1952 and 2 per cent of taxable income (maximum tax $60) thereafter is not included in the above amounts.

Present and Proposed Income Tax
Married Taxpayer—No Children

Income	Tax for 1952 at Present Rates	Tax in Full Year at New Rates	Percentage Reduction from Present Rates	Tax in 1952 (6 months at present rates 6 months at new rates)
$	$	$	%	$
2,000	....	....	..	....
2,250	45	43	4	44
2,500	90	85	6	88
2,750	135	128	5	132
3,000	180	170	6	175
3,500	282	265	6	274
4,000	384	360	6	372
5,000	612	580	5	596
7,500	1,236	1,175	5	1,206
10,000	1,992	1,900	5	1,946
20,000	6,612	6,250	5	6,431
30,000	12,192	11,400	6	11,796
50,000	25,517	23,754	7	24,565
75,000	43,997	40,904	7	42,280
100,000	63,677	59,304	7	61,220
200,000	150,857	140,604	7	145,060
400,000	338,837	317,484	6	326,690

Note: (1) In calculating the above taxes it has been assumed that all incomes up to $30,000 are entirely earned incomes, and that incomes of more than $30,000 include earned income of that amount and additional investment income to make up the total. No account has been taken of the 10 per cent tax credit for dividends from Canadian corporations.

(2) The old age security tax of 1 per cent taxable income (maximum tax $30) in 1952 and 2 per cent of taxable income (maximum tax $60) thereafter is not included in the above amounts.

Present and Proposed Income Tax
Married Taxpayer—With Two Children Eligible for Family Allowances

Income	Tax for 1952 at Present Rates	Tax in Full Year at New Rates	Percentage Reduction from Present Rates	Tax in 1952 (6 months at present rates 6 months at new rates)
$	$	$	%	$
2,300	....	....	..	....
2,400	18	17	6	18
2,500	36	34	6	35
2,750	81	77	5	79
3,000	126	119	6	123
3,500	221	208	6	215
4,000	323	303	6	313
5,000	544	514	6	529
7,500	1,157	1,100	5	1,129
10,000	1,898	1,810	5	1,854
20,000	6,450	6,100	5	6,275
30,000	12,012	11,235	6	11,624
50,000	25,319	23,574	7	24,376
75,000	43,781	40,709	7	42,075
100,000	63,443	59,094	7	60,998
200,000	150,605	140,364	7	144,814
400,000	338,567	317,226	6	326,426

Note: (1) The above figures show the actual income tax liability of a taxpayer with family

allowance children but in order to arrive at his true net position the amount of family allowances received for his children must be offset against his tax liability.

(2) In calculating the above taxes it has been assumed that all incomes up to $30,000 are entirely earned incomes, and that incomes of more than $30,000 include earned income of that amount and additional investment income to make up the total. No account has been taken of the 10 per cent tax credit for dividends from Canadian corporations.

(3) The old age security tax of 1 per cent taxable income (maximum tax $30) in 1952 and 2 per cent taxable income (maximum tax $60) thereafter is not included in the above amounts.

As I mentioned earlier, no change has been made in the levy on personal incomes already enacted as a contribution toward the cost of old age security. This charge will apply at an effective rate of 1 per cent on taxable income for 1952 and at a 2 per cent rate thereafter, and will be in addition to the ordinary income tax. I am proposing that tax deductions under the new schedule will commence on July 1, concurrently with the commencement of deduction of the old age security tax. The tax liability for the full year 1952 will be determined in accordance with a special schedule of rates which will in effect represent the average of the rates now in force and the rates under the new schedule.

I think I should make clear that the reductions in income tax which I have announced will not be sufficient, for most taxpayers, to offset the effect of the old age security tax.

As a result of this change I anticipate that in the fiscal year which has just commenced revenue from personal income tax will be reduced by some $40 million from the amount of $1,240 million I estimated earlier that I would receive from this source.

I am proposing several other amendments of lesser importance affecting the personal income tax.

The existing maximum limits on the amount of medical expenses that may be deducted were established some time ago and there is evidence that these limits are imposing undue hardship in many instances of prolonged or serious illness, especially in cases where certain new and more expensive kinds of treatment are required. I am, therefore, proposing that these limits now be doubled. The effect of this change will be to raise from $750 to $1,500 and from $1,000 to $2,000 the amount which may be deducted in a year for persons having single and married status respectively, with corresponding increases in the allowance granted where there are dependents. The law also now requires that medical expenses be both incurred and paid in the same twelve month period to be eligible. I am proposing in the future to recognize expenses paid in the period no matter when incurred.

I gave most careful consideration to the suggestion contained in the resolution passed by this house that the provisions of the law limiting the deductible medical expenses to those in excess of 4 per cent of income should be removed. However, I feel strongly that the normal personal and living expenses of a taxpayer should never be deductible from income for taxation purposes. The requirement that only medical expenses in excess of 4 per cent of income are deductible will be retained, therefore,—

Mr. Knowles: Shame!

Mr. Abbott: —as a means of limiting, and I think properly so,—

Mr. Knowles: Shame!

Mr. Abbott: —the application of this provision to medical expenses of an unusual degree in accordance with the original purpose.

Mr. Knowles: Despite the unanimous vote of this house the other day.

Mr. Abbott: Some further technical changes will be made in the special tax system introduced for the armed forces last year. Experience with this new system has revealed certain problems which can be overcome by modifying its details in some minor respects. These will be discussed in detail when the amendments to the Income Tax Act are before the house.

The legislation governing pension plans will be amended to allow a deduction for payments under so-called terminal funding plans, and to introduce greater flexibility into the provisions governing the deductibility of employer's contributions in respect of employee's past services. Other minor technical amendments affecting the personal income tax will also be proposed in the amending legislation.

A word might be said here about the Succession Duty Act. Our law needs overhauling and I had hoped before now to have been

able to bring forward a revision of the law for the consideration of the house. The fact is, however, that pressure of other matters has made this impossible. There are a few amendments of a technical nature that need immediate attention. They are not matters of policy and the effect will be merely to clarify certain provisions and remove anomalies. These will be found in the amending bill which will subsequently be introduced.

CUSTOMS TARIFF CHANGES

The budget resolutions relating to the customs tariff which I am tabling contain proposals to carry out certain recommendations of the tariff board and to provide for reductions which have been requested in certain duties to achieve economies in costs of productions. In a number of cases I am proposing changes in wording and classification which would remove anomalies and administrative difficulties which have arisen. I am also proposing to bring into the customs tariff a number of items which have been accorded reduced rates of duty for some time by order in council.

I am tabling with the budget resolutions four reports I have received from the tariff board. These reports are the result of references which I sent to the board during the past several years on plastics, glass, architects' and engineers' plans, and iron or steel shot and grit. In each of these cases I thought it desirable to have a thorough inquiry by the board, under the terms of the Tariff Board Act, before recommending any action.

In 1937, when the board last reported on the tariff schedule covering synthetic resins and plastics, it recommended that these schedules be reviewed from time to time in order to keep the classifications and rates of duty up to date. During the past decade the Canadian plastics industry has undergone a striking development both in the magnitude and range of its operations. As a result the classification, wording and rates of duty pertaining to the plastic items in the tariff have become obsolete. After an exhaustive inquiry into this highly complex and technical subject the board has proposed a revised classification and has recommended adjustments in rates of duty in order to bring the tariff items in line with the present position of the industry.

[Mr. Abbott.]

Last year the board presented certain interim recommendations on the plastic items which I tabled with my budget a year ago. The report which I am now tabling contains the final results of the board's inquiry and incorporates the interim recommendations which were implemented by parliament last year. The board's recommendations, which are now complete, regarding the structure of rates for the plastic items involve some increases and some decreases from existing rates of duty. The reasons which led the board to recommend these readjustments are fully set out in its report.

The second tariff board report which I am tabling relates to the tariff items covering glass in its various forms. The board has recommended reduced rates of duty on such widely used items as window glass, plate glass, certain forms of safety glass, and mirrors. The board has come to the conclusion, also, that if the recommended reductions are implemented, the drawback provisions granted to the mirror and safety glass industries are no longer necessary.

In 1946 parliament, upon the recommendation of the Minister of Finance, established a tariff item which provided for the duty free entry of certain engineers' plans, drawings or blueprints. Subsequently I received a number of representations asking for the restoration of the former rates of duty. I referred the matter to the tariff board for inquiry and report. The board heard extensive evidence from the interested parties and after careful study has recommended that duty free entry under the item in its present form should be continued.

The remaining report of the tariff board deals with the customs duty on iron or steel shot and grit. The item is now duty free. The board has recommended the imposition of a duty of five per cent on one classification of this item.

The first budget resolution relating to the customs tariff which I am submitting includes proposals to carry out all the tariff board recommendations respecting plastics and glass. I wish to consider further the recommendation for the imposition of a new duty on iron or steel shot and grit.

The second customs tariff resolution contains proposals for lower rates of duty on a list of items that enter into the costs of pro-

duction of certain manufacturing and primary industries. A number of reductions are proposed in rates of duty on certain specialized equipment used in the mining industry. In respect of items used in agriculture there are several proposals for lower rates of duty, including some items of equipment used in the dairy industry, propane gas for use in tractors, clarification of the position of tractor tires and certain tractor accessories to ensure continued free entry, and ball and roller bearings for the repair of agricultural implements and machinery. I am also proposing that provision be made for the free entry of complete aircraft and engines of types and sizes not made in Canada. This is designed to be of particular assistance to the considerable number of smaller air transport companies which are anxious to re-equip with more modern aircraft. I am also proposing to widen the limit allowed from five dollars to ten dollars for the free entry of casual donations sent by persons abroad to friends in Canada.

In addition, the resolution contains a considerable number of proposals for improvements in wording and classification to remove anomalies and to keep the items in line with recent developments. The schedule pertaining to automobile parts has been extensively rewritten to bring it up to date with the present position of the automobile industry. The rates of duty proposed for automobile parts have generally been in effect for some time as a result of trade agreements negotiated under the general agreement on tariffs and trade. On the whole these rates are appreciably lower than the existing statutory rates.

Under the third customs tariff resolution I am tabling it is proposed to bring into the permanent tariff a number of items on which reduced rates of duty have been granted temporarily by order in council on materials used in Canadian manufactures. Authority for such temporary reductions is granted in section 284 of the Customs Act. Many of the items have been in effect for several years and experience has shown that it is desirable to place them in the permanent tariff.

I would expect no net change in our customs revenue as a result of all these amendments.

COMMODITY TAX CHANGES

Turning to commodity taxes, my purpose here as elsewhere is to make a number of adjustments and regroupings which will have the effect of reducing some tax rates, without seriously reducing our total revenues. They will also enable us to get back to the three broad groups of domestic commodity taxes which have become our accepted objective of a well-balanced, relatively simple, yet highly productive revenue system in this field.

Hon. members will recall that our commodity taxes fall into three main categories: first, there is the so-called general sales tax, of which the rate is 8 per cent with an additional 2 per cent levied for old age security; second, there are the special excise taxes, in general applicable in addition to the sales tax, which are now levied on a wide range of consumer goods at a rate which, with a few exceptions, is presently 25 per cent; third, there are the taxes and duties on liquor and tobacco products, both traditional and productive sources of revenue in the federal tax system.

Except for minor additions to the list of exempt goods, details of which will be found in the resolutions, I am not proposing to touch the sales tax. For reasons which I have discussed fully in the past I am satisfied that in its present form, with the numerous and extensive exemptions granted under it, the sales tax is a fair levy. We are constantly striving to make it even more so, and will continue to do so in the future.

The second broad group of taxes, the special excises, apply to a range of goods most of which are in the class of consumers' durables and are less essential in the sense that in most cases their purchase and enjoyment may be postponed without serious sacrifice. In 1949 we revised our rate structure so that on most goods the rate was 10 per cent. In the fall of 1950, after the invasion of Korea, we raised the general level to 15 per cent, and a year ago, when it appeared that our defence effort would make still heavier demands upon us, we raised the rate of broadest application to 25 per cent and brought three types of household appliances under tax at a 15 per cent rate. An exceptional instance in this group was soft drinks, which we raised to 30 per cent in the fall of 1950 and have retained at that rate since.

One reason for attempting a year ago to reduce the current purchases of most of

the items in this tax group was that we were facing the prospects of acute shortages in steel and other essential materials which go in large volume into these articles. Due in part to reduced production of these consumer durables, but even more to the rapid increase in steel producing capacity and improved supplies of other critical materials, we no longer face these difficulties to the same acute degree, although I should add that that statement would have to be qualified if we had prolonged work stoppages in the steel industry either in this country or in the United States.

We can ill afford much loss of revenue, and I have given much personal study to this question. In this I have been helped by a considerable number of carefully prepared and thoughtful briefs from consumers, dealers and manufacturers. I am satisfied that a lower rate of tax will now meet our requirements, and I am proposing that effective from midnight tonight, the tax on all goods now bearing the 25 per cent rate under the Excise Tax Act will be reduced to 15 per cent, that the household appliances now taxed at 15 per cent will be exempted from this special excise, and that the 30 per cent rate on soft drinks be reduced to 15 per cent. In this connection the tax on carbonic acid gas will also be reduced, and products competitive with soft drinks, known as dry-powder drinks, will be made taxable at a 15 per cent rate. The tax on candies, which was reduced last year to 15 per cent, will continue to be taxed at that rate.

The details of the goods affected by these changes are given in the resolution, but for the information of the house I mention that included in the group on which the rate is reduced from 25 per cent to 15 per cent are automobiles, the smaller electrical household appliances, firearms, motor cycles, radios and phonographs, tires and tubes, golf clubs and balls and fishing rods and reels, cameras and supplies, lighters, cigars, luggage, pens and pencils, jewelry, ornaments, toilet articles, clocks and watches, and furs. The household appliances taxed at 15 per cent, and now to be exempted, are stoves, washing machines and refrigerators.

The net reduction in revenue from the changes just proposed is estimated at $78 million in the fiscal year.

Turning to the third main group of commodity taxes—those on alcoholic beverages and tobacco—the principal problem I have had to deal with has been the cigarette tax, and there is no subject upon which I have received more free advice. Hon. members will recall that a year ago taxes were increased on both cigarettes and cut tobacco, and the tax on cigarette papers and tubes was repealed. I had then expected that there would be a net increase in revenue of $28 million as a result of all these changes. Actually the increased revenue has turned out to be only $5 million, made up of a decrease of $1 million on cigarettes and an increase of $13 million on cut tobacco offset by the $7 million of taxes abolished on cigarette papers and tubes.

An hon. Member: Smuggling.

Mr. Abbott: I am coming to that.

In the case of cigarettes only I had forecast an increase of $21 million and I experienced a decline of $1 million. There are of course a number of reasons for this decline. I had expected that the higher prices resulting from the higher tax would affect consumption to some extent, but when they were combined with additional price increases announced by the manufacturers a little later, the effect on consumption was much more pronounced.

Mr. Fraser: Do not blame the manufacturers.

Mr. Abbott: I am not blaming anything. I know my hon. friend knows something about the tobacco manufacturing industry. Then our tobacco taxes are paid when the products are shipped from the factory and there were heavy but quite legitimate shipments from the factories in the several weeks preceding the budget. Further there was a prolonged strike during the summer in the plant of one large manufacturer. There has also been a considerable increase in the importation of American cigarettes, both legal and illegal, though in my opinion the volume of smuggling has been greatly exaggerated in much of the public discussion.

After saying all this, the real situation is that when the various provincial taxes on cigarettes and the manufacturers' price increases are added to the federal taxes we seem to have reached a point of diminishing returns. I therefore propose, effective immediately, to move the cigarette tax back to where it was a year ago, that is, a reduction of $1.50 per thousand, or three cents on the standard package of 20. As a result of this change and the consequential price reductions I would expect some recovery in cigarette sales, and I estimate the net reduction in revenue at $10 million.

The tax on raw leaf tobacco will be reduced by the amount of last year's increase. In recent years the use of tobacco in this form has been decreasing, and I have been impressed by the evidence that the present tax is unduly burdensome to the growers.

A minor technical change that will be made in the case of manufactured and raw leaf tobacco will be to modify the charges now imposed to vary with the exact amount of tobacco in a package rather than to apply at a flat amount per ounce or fraction of an ounce.

In the case of alcoholic beverages no changes of any consequence are proposed. Minor adjustments under the Excise Act will include the repeal of the duty on spirits used in fortifying wines or in any product that is subject to a special excise tax. It is proposed to change the duty on beer made from substances other than malt from 45 cents to 42 cents per gallon in order to give the two forms of product equality of treatment. The revenue effects of these latter changes will be unimportant.

As usual I give public notice that no claims for refund arising out of tax reductions in respect of goods on which tax has been paid will be entertained by my colleague, the Minister of National Revenue.

SUMMARY OF TAX CHANGES

I am now in a position to summarize the effects of all the proposed tax changes, and in doing so I ask leave of the house to insert in the record the two usual tables, one showing the effect of the proposed tax changes on revenue, and the other giving a revised forecast of total revenue after giving effect to the tax changes.

Effect on Revenue of Proposed Tax Changes

	Reduction in fiscal year 1952-53	Reduction in a full year
	(In millions of dollars)	
Personal income tax—		
Incorporation of 20 per cent surtax into rate structure ..	40	65
Corporation income tax—		
Reduction due to ·6 per cent adjustment in tax rate	12	18
Increase due to incorporation of 5 per cent provincial corporation income tax into federal tax structure	+25	+35
Excise taxes—		
Reduction of 25 per cent rate to 15 per cent	58	64
Reduction in tax on soft drinks from 30 per cent to 15 per cent	10	11
Repeal of 15 per cent tax on refrigerators, stoves and washing machines	10	11
Reduction in cigarette tax	10	11
Other miscellaneous changes ..	1	1
Total	116	146

Revised Forecast of Revenues for Fiscal Year 1952-53 Taking Account of Tax Changes

	Forecast of revenue from Existing Taxes	Increase or Decrease (—) in Revenue From Budget Proposals	Revised Forecast of Revenue for 1952-53
	(In millions of dollars)		
Personal income tax	1,240·0	—40·0	1,200·0
Non-resident income tax	60·0		60·0
Corporation income tax	1,257·0	13·0	1,270·0
Succession duties	43·0		43·0
Customs import duties	370·0		370·0
Excise duties	240·0		240·0
Sales tax (net)	540·0	—1·0	539·0
Other excise taxes	340·0	—88·0	252·0
Miscellaneous taxes	5·0		5·0
Total tax revenues	4,095·0	—116·0	3,979·0
Non-tax revenues	275·0		275·0
Total ordinary revenues	4,370·0	—116·0	4,254·0
Special receipts and credits	25·0		25·0
Total budgetary revenues	4,395·0	—116·0	4,279·0
Old Age Security taxes			
2 per cent sales tax	135·0		135·0
2 per cent individual income tax	52·0		52·0
2 per cent corporation income tax	48·0		48·0
	4,630·0	—116·0	4,514·0

The tables show that the net reductions in taxation during this fiscal year will amount to $116 million. Hon. members will recall that earlier in my speech I estimated the prospective surplus before tax changes, at $125 million. After giving effect to my proposed tax changes budgetary revenues are estimated at $4,279 million, expenditures at $4,270 million, and consequently an estimated surplus of $9 million. What I am really doing, of course, is budgeting for a balanced budget, since the $9 million surplus is less than one-quarter of one per cent of revenues, and less than the normal mathematical margin of error in the estimates themselves.

A year ago, Mr. Speaker, I concluded my budget speech by saying that it would be too bold to hope that by this time circumstances would permit any reductions in tax rates, and the best hope I could hold out would be for no further increases in tax rates. I am glad that conditions have so turned out that I have been able to do a little better than I expected. I have not proposed any increases in tax rates, and I have been able to propose some downward adjustments.

Unless conditions at home exceed even my generous expectations, and unless the clouds that overhang the international scene lift more rapidly than we now have a right to expect, my hope for next year is the same as that I expressed a year ago—an expectation of no increases in tax rates, but not much likelihood of substantially lower rates. If we can do as well next year in bettering these expectations as we have this year, I for one would be content, and I am sure that the house and the country, knowing full well the great and serious responsibilities that we in Canada carry in partnership with others, would fully share that sense of satisfaction.

Mr. Speaker, I shall now table the resolutions which I shall move when the house is in committee.

INCOME TAX ACT

Resolved that it is expedient to introduce a measure to amend the Income Tax Act and to provide, amongst other things:

1. That for the 1953 and subsequent taxation years there be substituted for the graduated rates of tax and the defence surtax that are at present applicable to the income of individuals, the following graduated rates of tax:

(a) 17 per cent of the amount taxable if the amount taxable does not exceed $1,000,

(b) $170 plus 19 per cent of the amount by which the amount taxable exceeds $1,000 if the amount taxable exceeds $1,000 and does not exceed $2,000,

(c) $360 plus 22 per cent of the amount by which the amount taxable exceeds $2,000 if the amount taxable exceeds $2,000 and does not exceed $4,000,

(d) $800 plus 25 per cent of the amount by which the amount taxable exceeds $4,000 if the amount taxable exceeds $4,000 and does not exceed $6,000,

(e) $1,300 plus 30 per cent of the amount by which the amount taxable exceeds $6,000 if the amount taxable exceeds $6,000 and does not exceed $8,000,

(f) $1,900 plus 35 per cent of the amount by which the amount taxable exceeds $8,000 if the amount taxable exceeds $8,000 and does not exceed $10,000,

(g) $2,600 plus 40 per cent of the amount by which the amount taxable exceeds $10,000 if the amount taxable exceeds $10,000 and does not exceed $12,000,

(h) $3,400 plus 45 per cent of the amount by which the amount taxable exceeds $12,000 if the amount taxable exceeds $12,000 and does not exceed $15,000,

(i) $4,750 plus 50 per cent of the amount by which the amount taxable exceeds $15,000 if the amount taxable exceeds $15,000 and does not exceed $25,000,

(j) $9,750 plus 55 per cent of the amount by which the amount taxable exceeds $25,000 if the amount taxable exceeds $25,000 and does not exceed $35,000,

(k) $15,250 plus 60 per cent of the amount by which the amount taxable exceeds $35,000 if the amount taxable exceeds $35,000 and does not exceed $50,000,

(l) $24,250 plus 65 per cent of the amount by which the amount taxable exceeds $50,000 if the amount taxable exceeds $50,000 and does not exceed $75,000,

(m) $40,500 plus 70 per cent of the amount by which the amount taxable exceeds $75,000 if the amount taxable exceeds $75,000 and does not exceed $100,000,

(n) $58,000 plus 75 per cent of the amount by which the amount taxable exceeds $100,000 if the amount taxable exceeds $100,000 and does not exceed $150,000,

(o) $95,500 plus 80 per cent of the amount by which the amount taxable exceeds $150,000 if the amount taxable exceeds $150,000 and does not exceed $250,000,

(p) $175,500 plus 86 per cent of the amount by which the amount taxable exceeds $250,000 if the amount taxable exceeds $250,000.

2. That for the 1952 taxation year the graduated rates of tax applicable to income of individuals

be the average of the present rates (including defence surtax) and the rates set out in paragraph 1.

3. That with respect to income of corporations earned on and after January 1, 1952, the present rate of tax shall be increased from 15 per cent to 20 per cent on the first $10,000 of taxable income and from 38 per cent to 50 per cent on taxable income in excess of $10,000, and that the defence surtax be repealed.

4. That there may be deducted from the amount of income tax otherwise payable by a corporation for a taxation year in respect of income earned on and after January 1, 1952,

(a) the amount of income tax payable to the government of a province for that taxation year in respect of income earned on and after January 1, 1952, as a result of its operations in that province, or

(b) 5 per cent of the taxable income of the corporation of that taxation year under the Income Tax Act that is earned on and after January 1, 1952, as a result of its operations in that province, whichever is less.

5. That for the 1952 and subsequent taxation years the maximum amount in respect of medical expenses that may be deducted in computing taxable income be increased

(a) to $2,000 in the case of a person who may at present deduct a maximum of $1,000,

(b) to $1,500 in the case of a person who may at present deduct a maximum of $750, and

(c) to $500 for each dependent in respect of whom a maximum of $250 may at present be deducted, subject to a maximum deduction of $2,000 by a husband and wife between them or by a person in respect of all his dependents; and that there be included in the medical expenses that may be deducted in computing taxable income those medical expenses that at present are not included by reason only that they were not incurred in the appropriate twelve-month period in which they were paid.

6. That crown corporations that are classed as proprietary corporations in the Financial Administration Act shall pay tax on income earned on and after January 1, 1952.

7. That the special deduction from income to a taxpayer whose principal business is the production, refining or marketing of petroleum or petroleum products or the exploring or drilling for oil or natural gas or mining or exploring for minerals, be allowed for expenses incurred in the 1955 operations on the same basis as for expenses incurred in the operations in the years 1951 to 1954.

8. That the special deduction from income and taxes of a taxpayer whose principal business is production, refining or marketing of petroleum or drilling for petroleum be allowed for expenses incurred in respect of deep-test oil wells in 1953 operations on the same basis as for similar expenses in operations of the years 1950 to 1952.

9. That the exemption of the income from a metalliferous or industrial mineral mine for the first three years of production now applicable to mines coming into production during the years 1946 to 1954 be extended to mines coming into production during the year 1955.

10. That a corporation resident in Canada whose gross revenue for a taxation year ending on or after January 1, 1952 derived from the distribution to or generation for distribution to the public of electrical energy, gas or steam is more than one-half its total gross revenue for the same period shall be entitled to a deduction from the tax otherwise payable by it under the Income Tax Act to the extent necessary to reduce to 43 per cent the rate of tax payable by the corporation under that act on that part of its taxable income for that taxation year that is derived on and after January 1, 1952, from such distribution or generation.

EXCISE TAX ACT

Resolved that it is expedient to introduce a measure to amend the Excise Tax Act and to provide:—

1. That the excise tax on goods enumerated in schedule I of the act that are at present subject to the rate of twenty-five per cent be reduced to fifteen per cent.

2. That the excise tax on furs and articles manufactured of fur be reduced from twenty-five per cent to fifteen per cent.

3. That the excise tax on soft drinks be reduced from thirty per cent to fifteen per cent and that there be assessed, levied and collected an excise tax of fifteen per cent on preparations for household use in making soft drinks.

4. That the excise tax on stoves, washing machines and refrigerators be repealed.

5. That the excise tax on carbonic acid gas be reduced from fifty cents to twenty-five cents per pound.

6. That the excise tax on cigarettes be reduced from two and three-quarter cents to two cents for each five or fraction of five cigarettes contained in each package.

7. That the excise tax on manufactured tobacco be changed from five cents per ounce or fraction of an ounce to eighty cents per pound.

8. That the excise tax on Canadian raw leaf tobacco be reduced from one and one-quarter cents per ounce or fraction of an ounce to eight cents per pound.

9. That the sales tax on the following goods be repealed:

(a) drinks prepared from milk or eggs;

(b) preserved fruits;

(c) cooking oils and salad oils but not including mayonnaise or salad dressing;

(d) baling wire for baling farm produce;

(e) steel pens for farm animals;

(f) preservatives for use exclusively in treating nets, ropes and lines used in the fishing industry;

(g) clays and earth for use exclusively as filtering materials in the refining of petroleum oils;

(h) goods enumerated in Customs Tariff items 411a, 437, 476b.

10. That any enactment founded upon this resolution be deemed to have come into force on the ninth day of April nineteen hundred and fifty-two.

EXCISE ACT, 1934

Resolved that it is expedient to introduce a measure to amend the Excise Act, 1934 and to provide:—

1. That the duty of excise on spirits distilled from wine produced from native fruits and used in the treatment of domestic wine be repealed.

2. That the duty of excise on spirits used directly in the manufacture of goods subject to excise tax under schedule I of the Excise Tax Act be repealed.

3. That the duty of excise on beer or malt liquor brewed in whole or in part from any substance other than malt be reduced from forty-five cents to forty-two cents per gallon.

4. That any enactment founded upon this resolution be deemed to have come into force on the ninth day of April nineteen hundred and fifty-two.

DOMINION SUCCESSION DUTY ACT

Resolved that it is expedient to introduce a measure to amend the Dominion Succession Duty Act to correct certain anomalies, to clarify the application of certain provisions and to make certain technical amendments.

CUSTOMS TARIFF

1. Resolved, that schedule A to the Customs Tariff be amended by striking thereout tariff items 216d, 216e, 216f, 231d, 231e, 237(a), 237(b), 237(c), 237(d), 238(1), 238(2), 238(3)(i), 238(3)(ii), 238(4)(i), 238(4)(ii), 238(5)(i), 238(5)(ii), 238(6)(i), 238(6)(ii), 238a, 238b, 238c, 238d, 238e, 238f, 238g, 318, 319, 320, 321, 322, 322a, 323 and 324, the several enumerations of goods respectively, and the several rates of duties of customs, if any, set opposite each of the said items, and by inserting the following items, enumerations and rates of duty in said schedule A:—

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget Resolution		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
318	Sheet glass, transparent, not further processed than cut into rectangles.....	Free	7½ p.c.	17½ p.c.	Free *(a)* Free *(a)* Subject to 50 p.c. drawback under Item No. 1014 of Schedule "B"	10 p.c. *(a)* 20 p.c.	15 p.c. *(a)* 25 p.c.
319	Plate glass, ground and polished on both surfaces, not further processed than cut into rectangles.....	Free	5 p.c.	15 p.c.	*(b)* Free *(b)* Free *(b)* 17½ p.c. *(b)* Subject to 50 p.c. drawback under Item No. 1014 of Schedule "B" and 99 p.c. drawback under Item No. 1067 of Schedule "B".	*(b)* 10 p.c. *(b)* 20 p.c. *(b)* 25 p.c.	*(b)* 25 p.c. *(b)* 25 p.c. *(b)* 35 p.c.
320	Glass, rolled or cast, not further processed than cut into rectangles.....	Free	5 p.c.	15 p.c.	*(c)* Free *(c)* Subject to 50 p.c. drawback under Item No. 1014 of Schedule "B" and 99 p.c. drawback under Item No. 1067 of Schedule "B".	*(c)* 20 p.c.	*(c)* 25 p.c.
321	Sheet glass, plate glass, cast glass, and rolled glass, n.o.p.....	Free	7½ p.c.	17½ p.c.	*(d)* Free *(d)* Subject to 50 p.c. drawback under Item No. 1014 of Schedule "B". *(e)* 17½ p.c. *(e)* Subject to 50 p.c. drawback under Item No. 1014 of Schedule "B" and 99 p.c. drawback under Item No. 1067 of Schedule "B".	*(d)* 20 p.c. *(e)* 25 p.c.	*(d)* 25 p.c. *(e)* 35 p.c.
322	Laminated glass, of sheet glass or plate glass, or both:—						
	(a) Not further processed than cut into rectangles..	5 p.c.	12½ p.c.	22½ p.c.	17½ p.c.	25 p.c.	35 p.c.
	(b) N. o. p.....	17½ p.c.	25 p.c.	35 p.c.	17½ p.c.	25 p.c.	35 p.c.

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget Resolution		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
323	Manufactures of laminated glass, n.o.p.	17½ p.c.	25 p.c.	35 p.c.	17½ p.c.	25 p.c.	35 p.c.
323a	Mirrors of glass, bevelled or not, and framed or not, n.o.p.	17½ p.c.	20 p.c.	30 p.c.	20 p.c.	22½ p.c.	35 p.c.
323b	Stained or ornamental glass windows	7½ p.c.	7½ p.c.	17½ p.c.	7½ p.c.	7½ p.c.	30 p.c.
901	(a) Synthetic resins without admixture, including scrap or waste:—						
	1. Phenol-aldehyde type	Free	Free	10 p.c.			
	2. Amino-aldehyde type	Free	Free	10 p.c.			
	3. Alkyd type	5 p.c.	5 p.c.	15 p.c.			
	4. Polyamide type	Free	Free	10 p.c.			
	5. Polystyrene type	7½ p.c.	7½ p.c.	17½ p.c.	Free	Free	Free
	6. Vinyl type, except vinylidene	5 p.c.	5 p.c.	15 p.c.			
	7. Resins derived from natural resins or tall oil, n.o.p.	Free	Free	10 p.c.			
	8. Other type	Free	Free	10 p.c.			
	(b) Synthetic resins in the form of aqueous emulsions, aqueous dispersions or aqueous solutions, without admixture:—						
	1. Phenol-aldehyde type	Free	Free	10 p.c.			
	2. Amino-aldehyde type	Free	Free	10 p.c.			
	3. Alkyd type	5 p.c.	5 p.c.	15 p.c.			
	4. Polyamide type	Free	Free	10 p.c.			
	5. Polystyrene type	7½ p.c.	7½ p.c.	17½ p.c.	Free	Free	Free
	6. Vinyl type, except vinylidene	5 p.c.	5 p.c.	15 p.c.	15 p.c.	20 p.c.	25 p.c.
	7. Resins derived from natural resins or tall oil, n.o.p.	Free	Free	10 p.c.			
	8. Other type	Free	Free	10 p.c.			

	(c) Synthetic resins in organic solvents where the solvent is not more than 60 per cent by weight, without other admixtures:—						
	1. Phenol-aldehyde type	12½ p.c.	12½ p.c.	22½ p.c.	Free	Free	Free
	2. Amino-aldehyde type	12½ p.c.	12½ p.c.	22½ p.c.	15 p.c.	20 p.c.	25 p.c.
	3. Alkyd type	12½ p.c.	12½ p.c.	22½ p.c.	25 p.c. or	25 p.c. or	30 p.c. or
	4. Resins derived from natural resins or tall oil, n.o.p.	12½ p.c.	12½ p.c.	22½ p.c.	20 p.c. and $2 per gal.	20 p.c. and $2 per gal.	30 p.c. and $3 per gal.
	5. Other type	10 p.c.	10 p.c.	20 p.c.	15 p.c.	17½ p.c.	25 p.c.
					75 cts. per gal.	85 cts. per gal.	$1.25 per gal
					15 cts. per gal. and 5 p.c.	15 cts. per gal. and 15 p.c.	20 cts. per gal. and 30 p.c.
					⅓ ct. per gal.	⅓ ct. per gal.	1 ct. per gal.
	(d) Synthetic resins, in powder or granular form, containing an ingredient to prevent caking in shipment, not in excess of 3 per cent by weight, but without further admixture:—						
	1. Amino-aldehyde type	Free	Free	10 p.c.	15 p.c.	17½ p.c.	25 p.c.
	2. Other type	10 p.c.	10 p.c.	20 p.c.			
902	Synthetic resins, compounded with other materials, in any form, including scrap or waste, for moulding, casting, extruding, calendering, pressing, (moulding compositions or materials for processing into moulding compositions); synthetic resins compounded with other materials in the form of not fully cured preforms or not fully cured blanks for compression moulding:—						
	(a) Phenol-aldehyde type	10 p.c.	15 p.c.	25 p.c.	10 p.c.	20 p.c.	20 p.c.
	(b) Alkyd type	5 p.c.	5 p.c.	15 p.c.	Free	Free	Free
	(c) Polystyrene type	10 p.c.	10 p.c.	20 p.c.	15 p.c.	20 p.c.	25 p.c.
	(d) Vinyl type, except vinylidene	10 p.c.	10 p.c.	20 p.c.	25 p.c. or	25 p.c. or	30 p.c. or
	(e) Other type	Free	Free	10 p.c.	20 p.c. and $2 per gal.	20 p.c. and $2 per gal.	30 p.c. and $3 per gal.
					15 p.c.	20 p.c.	25 p.c.
					Free	Free	Free
903	Synthetic resin glues or adhesives, composed of synthetic resins compounded with other materials	15 p.c.	17½ p.c.	27½ p.c.	15 p.c.	17½ p.c.	25 p.c.
904	Synthetic resin compositions, n.o.p.	15 p.c.	15 p.c.	25 p.c.	15 p.c.	20 p.c.	25 p.c.
					25 p.c. or	25 p.c. or	30 p.c. or
					20 p.c. and $2 per gal.	20 p.c. and $2 per gal.	30 p.c. and $3 per gal.

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget Resolution		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
905	Synthetic resin plates, sheets, film, sheeting or strips, not less than 6 inches in width, n.o.p.; synthetic resin lay-flat tubing, not less than 6 inches in circumference, n.o.p. :—						
	(a) Phenol-aldehyde type, not further manufactured than cast	Free	Free	10 p.c.			
	(b) Acrylic type, not further manufactured than moulded or cast	Free	Free	10 p.c.			
	(c) Polyethylene type:						
	1. Plain, uncoated, undecorated	10 p.c.	10 p.c.	20 p.c.			
	2. Other	15 p.c.	15 p.c.	25 p.c.			
	(d) Vinyl type, except vinylidene:						
	1. Plain, uncoated, undecorated	15 p.c.	15 p.c.	25 p.c.	Free	Free	Free
	2. Other	15 p.c.	20 p.c.	30 p.c.	15 p.c.	20 p.c.	25 p.c.
	(e) Vinyl type, vinylidene:						
	1. Plain, uncoated, undecorated	Free	Free	10 p.c.			
	2. Other	Free	Free	10 p.c.			
	(f) Other type:						
	1. Plain, uncoated, undecorated	Free	Free	10 p.c.			
	2. Other	10 p.c.	10 p.c.	20 p.c.			
906	Synthetic resin plates, sheets, film, sheeting or strips, less than 6 inches in width, lay-flat tubing less than 6 inches in circumference, other tubing, blocks, bars, rods, non-textile monofilament; synthetic resin profile shapes produced in uniform cross-section and imported in lengths: not further manufactured than moulded, cast, calendered, extruded or pressed, n.o.p.:—						
	(a) Phenol-aldehyde type, cast	Free	Free	10 p.c.			
	(b) Acrylic type	Free	Free	10 p.c.			
	(c) Vinyl type, except vinylidene	15 p.c.	15 p.c.	25 p.c.	Free	Free	Free
	(d) Vinyl type, vinylidene	Free	Free	10 p.c.	15 p.c.	20 p.c.	25 p.c.
	(e) Other type	15 p.c.	15 p.c.	25 p.c.			
907	Foamed and expanded synthetic resins, in logs, blocks or boards, or in flakes, granules or powder	Free	Free	10 p.c.	Free 15 p.c.	Free 20 p.c.	Free 25 p.c.
908	Manufactures of synthetic resins, n.o.p.	15 p.c.	20 p.c.	30 p.c.	15 p.c.	20 p.c.	25 p.c.

909	*(a)* Esters or ethers, or combinations thereof, of cellulose (but not including water soluble cellulose esters or ethers), without admixture:—						
	1. Cellulose nitrate containing not more than 12·2 per cent by weight of nitrogen	Free	Free	10 p.c.			
	2. Cellulose acetate	Free	Free	10 p.c.			
	3. Cellulose acetate butyrate	Free	Free	10 p.c.	1¾ cts. per lb.	2¼ cts. per lb.	2½ cts. per lb.
	4. Cellulose propionate	Free	Free	10 p.c.			
	5. Ethyl cellulose	Free	Free	10 p.c.	Free	Free	Free
	6. Methyl cellulose, water insoluble	Free	Free	10 p.c.			
	7. Other	Free	Free	10 p.c.			
	(b) Cellulose nitrate containing not more than 12·2 per cent by weight of nitrogen, when wet with not more than 35 per cent by weight of alcohol	Free	Free	10 p.c.	1¾ cts. per lb.	2¼ cts. per lb.	2½ cts. per lb.
	(c) Esters or ethers, or combinations thereof, of cellulose, in organic solvents, where the solvent is not more than 60 per cent by weight, without other admixture:—						
	1. Cellulose nitrate containing not more than 12·2 per cent by weight of nitrogen, except as provided for under *(b)* above	10 p.c.	10 p.c.	20 p.c.	15 p.c.	20 p.c.	25 p.c.
	2. Cellulose acetate	10 p.c.	10 p.c.	20 p.c.	25 p.c. or	25 p.c. or	30 p.c. or
	3. Cellulose acetate butyrate	10 p.c.	10 p.c.	20 p.c.			
	4. Cellulose propionate	10 p.c.	10 p.c.	20 p.c.	20 p.c. and	20 p.c. and	30 p.c. and
	5. Ethyl cellulose	10 p.c.	10 p.c.	20 p.c.	$2 per gal.	$2 per gal.	$3 per gal.
	6. Methyl cellulose	10 p.c.	10 p.c.	20 p.c.	75 cts.	85 cts.	$1.25
	7. Other	10 p.c.	10 p.c.	20 p.c.	per gal.	per gal.	per gal.
					15 cts. per gal. and 5 p.c.	15 cts. per gal. and 15 p.c.	20 cts. per gal. and 30 p.c.
910	Esters or ethers, or combinations thereof, of cellulose compounded with other materials, in any form, including scrap or waste, for moulding, casting, extruding, calendering, pressing, (moulding compositions or materials for processing into moulding compositions)	Free	Free	10 p.c.	Free	Free	Free
911	Compositions of esters or ethers of cellulose (except water soluble esters or ethers of cellulose) with other materials, n.o.p	10 p.c.	10 p.c.	20 p.c.	15 p.c. 25 p.c. or 20 p.c. and $2 per gal.	20 p.c. 25 p.c. or 20 p.c. and $2 per gal.	25 p.c. 30 p.c. or 30 p.c. and $3 per gal.

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget Resolution		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
912	Cellulose plastics plates, sheets, film, sheeting or strips, not less than 6 inches in width, n.o.p.; cellulose plastics lay-flat tubing, not less than 6 inches in circumference, n.o.p.	Free	Free	10 p.c.	Free 10 p.c. 20 p.c. 15 p.c.	Free 25 p.c. 25 p.c. 20 p.c.	Free 40 p.c. 35 p.c. 25 p.c.
913	Cellulose plastics plates, sheets, film, sheeting or strips, less than 6 inches in width, lay-flat tubing less than 6 inches in circumference, other tubing, blocks, bars, rods, non-textile monofilament; cellulose plastics profile shapes produced in uniform cross-section and imported in lengths: not further manufactured than moulded, cast, calendered, extruded or pressed, n.o.p.:—						
	(a) Cellulose nitrate	Free	Free	10 p.c.	Free	Free	Free
	(b) Other	15 p.c.	15 p.c.	25 p.c.	10 p.c. 20 p.c. 15 p.c.	25 p.c. 25 p.c. 20 p.c.	40 p.c. 35 p.c. 25 p.c.
914	Foamed and expanded cellulose plastics in blocks or boards, granules or powder	Free	Free	10 p.c.	Free 20 p.c.	Free 25 p.c.	Free 35 p.c.
915	Manufactures of cellulose plastics, n.o.p.:—						
	(a) Cellulose nitrate	10 p.c.	20 p.c.	30 p.c.		25 p.c.	40 p.c.
	(b) Cellulose nitrate cinematograph and moving picture films, negatives, n.o.p.	10 p.c.	10 p.c.	20 p.c.	10 p.c.	10 p.c.	40 p.c.
	(c) Other	15 p.c.	20 p.c.	30 p.c.	20 p.c. 15 p.c.	25 p.c. 20 p.c.	35 p.c. 25 p.c.
916	Laminated moulded plastics products, n.o.p., having synthetic resins or cellulose plastics as the chief bonding (impregnating) agents	15 p.c.	15 p.c.	25 p.c.	15 p.c. 20 p.c.	20 p.c. 25 p.c.	25 p.c. 30 p.c.
917	Reinforced or supported synthetic resins or cellulose plastics plates, sheets, sheeting, strips, tubing, blocks, bars, rods, in which is incorporated a layer of paper, fibreboard, or textile fabric, or a core of fibres whether matted or otherwise arranged, n.o.p.:—				17½ p.c. 17½ p.c.	25 p.c. 17½ p.c.	35 p.c. 25 p.c.
	(a) Interlined sheet stock, composed of sheets of cellulose plasics cemented to cotton fabric	10 p.c.	15 p.c.	25 p.c.	10 p.c.	15 p.c.	17½ p.c.
	(b) Other	15 p.c.	15 p.c.	25 p.c.	15 p.c.	20 p.c.	25 p.c.

918	*(a)* Regenerated cellulose, in sheets or strips	15 p.c.	20 p.c.	30 p.c.	20 p.c.	25 p.c.	35 p.c.
	(b) Regenerated cellulose sponges	15 p.c.	20 p.c.	30 p.c.	17½ p.c.	22½ p.c.	35 p.c.
	(c) Manufactures of regenerated cellulose, n.o.p.	15 p.c.	20 p.c.	30 p.c.	20 p.c.	25 p.c.	35 p.c.
919	Protein plastics sheets, strips, tubing, blocks, bars, rods; other protein plastics profile shapes produced in uniform cross-section and imported in lengths: not further manufactured than moulded, extruded or pressed	Free	Free	10 p.c.	Free 15 p.c.	Free 20 p.c.	Free 25 p.c.
920	Manufactures of protein plastics, n.o.p.	15 p.c.	20 p.c.	30 p.c.	15 p.c.	20 p.c.	25 p.c.
921	Materials of a kind not produced in Canada for use only in the manufacture of goods enumerated in tariff items 901, 902, 903, 904, 905, 906, 907, 909, 910, 911, 912, 913, 914, 916, 917, 918*(a)*, 918*(b)* and 919, but not including goods themselves enumerated in tariff items 901 to 920, inclusive	Free	Free	10 p.c.	Free	Free	Free
922	Phenol for use only in the manufacture of synthetic resin glues	Free	Free	10 p.c.	Free	Free	Free
923	Phthalic anhydride, adipic, abietic, maleic and succinic acids, hexamethylene diammonium adipate, hexamethylene diammonium sebecate, hexamethylene diamine, caprolactam, and ethylene glycol, when imported by manufacturers of synthetic resins, for use exclusively in the manufacture of synthetic resins, in their own factories	Free	Free	10 p.c.	Free	Free	Free

2. Resolved, that Schedule A to the Customs Tariff be amended by striking thereout tariff items 98, 105c, 156*(a)*, *(b)*, *(c)*, *(d)*, *(e)* and *(f)*, 203a, 203b, 206a (1), 206c, 211b, 225, 236b, 263b, 270, 275, 409m, 409r, 410a (iii), 410f, 410n, 427b, 428g, 436, 438b, 438c, 438d, 438e (1) *(a)* and *(b)*, (2), (3) and (4), 438h, 438i, 440l, 440n, 442, 442d, 443a, 445m (i) and (ii), 445o (ii), 461, 462a, 462b, 468, 478, 479, 482, 499a, 522e, 563, 618b, 657, 690a, 696 and 848, the several enumerations of goods respectively, and the several rates of duties of customs, if any, set opposite each of the said items, and by inserting the following items, enumerations and rates of duty in said Schedule A:—

79f	Pollen	Free	Free	Free	15 p.c.	20 p.c.	25 p.c.
90g	Dried herbs in a crude state, not advanced in value or condition by grinding or refining or by any other process of manufacture, viz.:—Basil, bay laurel (larus nobilis), marjoram, mint, oregano, rosemary, sage, savory, terragon and thyme	Free	5 p.c.	25 p.c.	Free (mainly)	15 p.c. (mainly)	25 p.c. (mainly)
98	Bananas.....per one hundred pounds	Free	50 cts.	$1.00	Free	50 cts.	$1.00 per stem or bunch
105c	Olives, sulphured or in brine, not bottled On and after July 1, 1953	Free 10 p.c.	Free 17½ p.c.	30 p.c. 30 p.c.	10 p.c.	17½ p.c.	30 p.c.

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget Resolution		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
156	*(a)* Whiskey.....per gallon of the strength of proof	$4.50	$5.00	$10.00	$4.50	$5.00	$10.00
	(b) Gin, n.o.p....per gallon of the strength of proof	$4.50	$5.00	$10.00	$4.50	$5.00	$10.00
	(c) Rum, n.o.p..per gallon of the strength of proof	$4.50	$6.00	$10.00	$4.50	$6.00	$10.00
	(d) Brandy.....per gallon of the strength of proof	$4.00	$4.00	$10.00	$4.00	$4.00	$10.00
	(e) Liqueurs.....per gallon of the strength of proof	$4.50	$4.50	$10.00	$4.50	$4.50	$10.00
	(f) Ethyl alcohol, or the substance commonly known as alcohol, hydrated oxide of ethyl or spirits of wine, n.o.p.; spirituous or alcoholic liquors, n.o.p.; absinthe, arrack or palm spirit, artificial brandy and imitations of brandy, n.o.p.; cordials of all kinds, n.o.p.; mescal, pulque, rum shrub, schiedam and other schnapps; tafia, and alcoholic bitters or beverages, n.o.p.; and wines, n.o.p., containing more than forty per cent of proof spirit .....per gallon of the strength of proof	$5.00	$10.00	$10.00	$5.00	$10.00	$10.00
	Provided, (1) that when the goods specified in item 156 are of greater or less strength than the strength of proof, the measurement thereof and the amount of duty payable thereon shall be increased or decreased in proportion for any greater or less strength than the strength of proof.						
	Provided, (2) that bottles and flasks and packages of gin, rum, whiskey and brandy of all kinds, and imitations thereof, shall be held to contain the following quantities (subject to the provisions for addition or deduction in respect of the degree of strength) viz.:—						

	Bottles, flasks and packages, containing not more than one-eighth of a gallon per dozen, as one-eighth of a gallon per dozen; Bottles, flasks and packages, containing more than one-eighth of a gallon but not more than one-fourth of a gallon per dozen, as one-fourth of a gallon per dozen; Bottles, flasks and packages, containing more than one-fourth of a gallon but not more than one-half of a gallon per dozen, as one-half of a gallon per dozen; Bottles, flasks and packages, containing more than one-half of a gallon per dozen but not more than three-fourths of a gallon per dozen, as three-fourths of a gallon per dozen; Bottles, flasks and packages, containing more than three-fourths of a gallon but not more than one gallon per dozen, as one gallon per dozen; Bottles, flasks and packages, containing more than one gallon but not more than one and one-half gallons per dozen, as one and one-half gallons per dozen; Bottles, flasks and packages, containing more than one and one-half gallons but not more than two gallons per dozen, as two gallons per dozen; Bottles, flasks and packages, containing more than two gallons but not more than two and four-fifths gallons per dozen, as two and four-fifths gallons per dozen; Bottles, flasks and packages, containing more than two and four-fifths gallons but not more than three gallons per dozen, as three gallons per dozen: Bottles, flasks and packages, containing more than three gallons but not more than three and one-fifth gallons per dozen, as three and one-fifth gallons per dozen. Provided, (3) that bottles or phials of liquors for special purposes, such as samples not for sale to the trade, may be entered for duty according to actual measurement, under regulations prescribed by the Minister.						
197f	Carbon tissue paper for use in the manufacture of carbon paper.....	Free	7½ p.c.	25 p.c.	15 p.c.	22½ p.c.	25 p.c.
199h	Pots, boxes, bands, collars or protectors, of flexible paper or fibreboard, for use exclusively in growing plants for transplanting purposes, or for protecting plants while growing.....	Free	Free	10 p.c.	17½ p.c.	25 p.c.	35 p.c.

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget Resolution		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
203a	Chemical compounds composed of two or more acids or salts soluble in water, adapted for dyeing or tanning	Free	Free	10 p.c.	Free	10 p.c.	10 p.c.
203b	Aniline and coal tar dyes, adapted for dyeing, in bulk, or in packages of not less than one pound weight	Free	Free	10 p.c.	Free	10 p.c.	10 p.c.
206a	(1) Sera and antisera, toxoids, viruses, toxins and antitoxins; virus and bacterial vaccines, bacteriophage and bacterial lysates; allergenics, liver extracts, pituitary extracts, epinephrine and its solutions, insulin, with or without zinc, globin or protamine; all of the foregoing when imported for parenteral administration in the diagnosis or treatment of diseases of man	Free	Free	Free	Free	Free	Free
	(3) Blood plasma or serum of human origin, or fractions thereof, extenders or substitutes therefor; all of the foregoing when imported for parenteral administration	Free	Free	Free	Free 17½ p.c.	Free 20 p.c.	Free 25 p.c.
206c	Bottles, tubes, bail bands, labels, corks, stoppers or other closures, for use with bottles, whether or not assembled into units partially filled with anti-coagulating solutions or not; filters, drop counters, clamps; all of the foregoing, when imported to be used exclusively for the collection, preparation, storage, transportation or administration of human blood (whether whole or in the form of liquid or dry serum or plasma) and extenders or substitutes therefor; component materials to be used exclusively in making the foregoing articles, anti-coagulating solutions and extenders or substitutes...	Free	Free	Free	Free 15 p.c.	Free 20 p.c.	Free 27½ p.c.

211b	(1) Andalusite, kyanite, sillimanite, crude or calcined, but not further processed than ground...	Free	Free	25 p.c.	Free 15 p.c.	Free 20 p.c.	25 p.c. 25 p.c.
	(2) Mullite, not further processed than ground..	Free	Free	25 p.c.	Free 15 p.c.	Free 20 p.c.	25 p.c. 25 p.c.
220d	Chemical preparations, dry, compounded of more than one substance, when imported by manufacturers of fluorescent lamps or electronic tubes for use exclusively in coating the inside of fluorescent lamps or electronic tubes, in their own factories.....	Free	5 p.c.	25 p.c.	Free 15 p.c.	5 p.c. 20 p.c.	25 p.c. 25 p.c.
225	Wax, vegetable, and mineral (not isolated from petroleum) and mixtures thereof.....	5 p.c.	7½ p.c.	10 p.c.	5 p.c.	7½ p.c.	10 p.c.
263b	Methyl ethyl ketone, diethyl ketone, furfural, methyl normal propyl ketone and methyl isobutyl ketone, for use only in the refining of oils.....	Free	Free	25 p.c.	Free Free	Free 15 p.c.	25 p.c. 25 p.c.
269c	Reclaiming agents or plasticizers of petroleum origin, for the reclaiming or plasticizing of rubber.....	Free	Free	Free	Free ½ ct. per gal.	10 p.c. ½ ct. per gal.	10 p.c. 1 ct. per gal.
270	Oil for use in the concentration of ores.....	Free	Free	Free	Free (various)	Free (various)	Free (various)
275	Liquefied petroleum gases when imported in containers:—						
	(a) for heating, cooking or illuminating purposes....	10 p.c.	12½ p.c.	25 p.c.	10 p.c.	12½ p.c.	25 p.c.
	(b) n.o.p.....	10 p.c.	12½ p.c.	25 p.c.	15 p.c.	20 p.c.	25 p.c.
295d	Cast shapes of melted basalt rock compounded with other materials or not.....	Free	5 p.c.	25 p.c.	15 p.c.	20 p.c.	25 p.c.
388g	Rails (track), of iron or steel, other than railway rails, further manufactured than hot rolled, with other sections, arched or not, welded thereto or not.....	Free	12½ p.c.	35 p.c.	10 p.c. 17½ p.c.	22½ p.c. 25 p.c.	35 p.c. 40 p.c.
409m	(1) Internal combustion tractors and accessories therefor; parts of all the foregoing.....	Free	Free	Free	Free 15 p.c. (various)	Free 22½ p.c. (various	Free 35 p.c. (various)
	(2) Traction attachments designed to be combined with automobiles in Canada for use as traction engines and parts thereof.....	Free	Free	Free	Free	Free	Free

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget Resolution		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
409r	Milk evaporators and milk driers for dairying purposes and parts thereof	Free	7½ p.c.	25 p.c.	Free 10 p.c.	10 p.c. 22½ p.c.	25 p.c. 35 p.c.
410a	(iii) Diesel-powered self-propelled trucks, mounted on rubber-tired wheels or on rubber-tired wheels and half-tracks, side or rear dump, having a rated capacity, by struck volume, of not less than 9½ cubic yards and, by payload weight, of not less than 15 tons, and complete parts thereof, for off-highway use in carrying minerals, ores, rock, stone, sand, gravel and other excavated materials at mines, quarries, gravel and sand pits or at construction sites	Free	7½ p.c.	27½ p.c.	Free 10 p.c.	7½ p.c. 22½ p.c.	35 p.c. 35 p.c. 27½ p.c. 27½ p.c.
410f	(1) Machinery and appliances of iron or steel, of a class or kind not made in Canada, and elevators, and machinery of floating dredges, for use exclusively in alluvial gold mining	Free	Free	Free	Free Free	17½ p.c. Free	Free
	(2) Dredges and parts thereof for the development of mineral deposits	Free	Free	25 p.c.	15 p.c. (various)	25 p.c. (various)	25 p.c. (various)
410n	Diamond drills and core drills, not including motive power, electrically operated rotary coal drills, and coal cutting machines, n.o.p., and parts of the foregoing, for use exclusively in mining operations	Free	10 p.c.	10 p.c.	Free	10 p.c.	10 p.c.
427b	Ball and roller bearings, and complete parts thereof:—						
	(1) For the repair of agricultural implements and agricultural machinery specified in tariff items 409, 409a, 409b, 409c, 409d, 409e, 409f, 409h, 409j, 409k, 409l, 409m, 409n, 409o and 409q	Free	Free	Free	Free Free	Free 17½ p.c.	Free 35 p.c.
	(2) N.o.p.	Free	17½ p.c.	35 p.c.	Free	17½ p.c.	35 p.c.

427j	Machinery, apparatus, equipment and parts thereof for the manufacture of biologicals and bacteriologicals for parenteral use and for the manufacture of antibiotics, hormones and steroids.....	Free	Free	Free	10 p.c. Free	22½p.c. 7½ p.c.	35 p.c. 35 p.c.
428g	Fuel injection pumps and nozzles, and parts thereof, for diesel and semi-diesel engines.....	Free	Free	Free	Free Free	Free 20 p.c.	Free 30 p.c.
431j	Photogrammetric instruments and equipment for use in the interpretation of photographs and in the preparation of maps and plans from photographs, including the following: stereoscopes, binoculars for use with stereoscopes, parallax bars, height finders, contour finders, sketchmasters, slotted template equipment and accessories for use with any of the foregoing; stereoscopic plotting instruments and equipment of either optical-mechanical or projector type, including such accessories as plotting and tracing tables whether electrically, mechanically or remotely operated, optical instruments for preparing diapositive plates, voltage regulators and electrical transformers, cooling systems, lamps, spectacles, filters, height gauges, principal point selectors and other components for use with the foregoing equipment; all the foregoing of a class or kind not made in Canada and parts and fitted carrying cases for any of the foregoing...	Free	5 p.c.	20 p.c.	15 p.c.	20 p.c.	25 p.c.
436	Locomotives and railway passenger, baggage and freight cars, being the property or under the control of railway companies in the United States, running upon any line or road crossing the frontier, so long as Canadian locomotives and cars are admitted free under similar circumstances into the United States, under regulations prescribed by the Minister.....	.....	Free	Free	.....	Free	Free
	Provided, however, that if such locomotives and railway rolling stock are used temporarily in the transportation of goods from a place in Canada to another place in Canada they shall not be entitled to free entry but shall be subject to duty on the rental value or charge made by the United States owner for their use in Canada, under regulations prescribed by the Minister.						

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget Resolution		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
438b	Bearings, ball and roller; Bearings, clutch release; Bearings, graphite; Bearings, steel or bronze backed, with non-ferrous metal lining, parts and materials therefor; Bearings, steering knuckle thrust; Bushings, graphited or oil impregnated; Ceramic insulator spark plug cores not further manufactured than burned and glazed, printed or decorated or not; without fittings; Collars, crankshaft thrust; Compressors and parts thereof, air; Commutator copper segments, Commutator insulating end rings; Tapered discs of hot rolled steel, with or without centre hole, for disc wheels; Diaphragms for fuel and vacuum pumps; Distributor rotors and cam assemblies; Door bumper shoes; Electric wiring terminals, sockets, fittings and connectors and parts and combinations thereof, including brackets and fittings permanently attached thereto, but not to include battery terminals; Gaskets of any material except cork or felt, composite or not, parts and materials therefor; Ignition contact points; Keys for shafting; Auxiliary driving control kits, designed for attachment to motor vehicles to facilitate their operation by physically disabled persons, and parts thereof; Lenses of glass for motor vehicle lamps and for light reflectors; Lock washers; Magnetic plugs;						

	Piston ring castings in the rough, with or without gates and fins removed;							
	Propeller shaft tubes of steel bonded by rubber;							
	Rails of lock seam section, corners, locks and catches, unplated ventilators and parts thereof, the foregoing being of metal other than aluminum, for the manufacture of window sashes for bus bodies;							
	Steel bolts, studs, plugs, rivets or nuts, capped with stainless steel, and parts thereof;							
	Switches, relays, circuit breakers and solenoids and combinations and parts thereof, including starter switch assemblies;							
	Shift control, electric, for two speed rear axles;							
	Vacuum, hydraulic or air control assemblies and parts thereof;							
	Vulcanized fibre in sheets, rods, strips and tubings;							
	Parts of all the foregoing;							
	All of the foregoing for use in the manufacture or repair of the goods enumerated in tariff items 424 and 438a, or for use in the manufacture of parts therefor:—							
	1. When of a class or kind not made in Canada..	Free	Free	30 p.c.	Free	Free	30 p.c.	
	2. When of a class or kind made in Canada.....	Free	17½ p.c.	30 p.c.	Free	17½ p.c.	30 p.c.	
438c	Ammeters;							
	Arm rests and wheel housing lining of indurated fibre, pressed to shape;							
	Axle housings, one piece welded, machined or not, including parts welded thereto;							
	Carburetors;							
	Chassis frames and steel shapes for the manufacture thereof;							
	Cigar and cigarette lighters, whether in combination with a cigarette holder or not, including base;							
	Control ventilator gear box;							
	Cylinder lock barrels, with or without sleeves and keys thereof;							
	Dash heat indicators;							
	Engine speed governor units;							
	External ornaments unplated, not including finish or decorative mouldings;							
	Fluid couplings with or without drive plate assemblies;							
	Gauges, gasoline, oil or air;							
	Grilles not plated, polished or not before assembly, and parts thereof not plated or polished, not to include added finish or decorative mouldings;							
	Hinges, finished or not, for bodies;							
	Horns;							
	Instrument bezel assemblies; Instrument board lamps; Instrument panel, glove compartment, luggage compartment, hood compartment and door step lamps and wire assemblies;							

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget Resolution		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
	Locks, electric ignition, steering gear, transmission, or combinations of such locks;						
	Mouldings of metal, with nails set in position, lead filled or not;						
	Oil filter parts, viz.:—perforated filter refill oil board bodies, refill and discs, and roll-seam perforated tubes;						
	Ornaments and identification plates of metal unplated, not including finished or decorative mouldings;						
	Pipe lines of tubing, rigid, covered or not, with or without fittings, and tubing therefor;						
	Purifiers for gasoline, including brackets and fittings therefor;						
	Radiator shutter assemblies, automatic;						
	Radiator water gauges;						
	Radiator shells not plated nor metal finished in any degree;						
	Shackles, bearing spring;						
	Speedometers;						
	Spring covers of metal and closing strips or shapes therefor;						
	Steering wheels, rims and spiders therefor;						
	Sun visor blanks of gypsum weatherboard;						
	Tachometers, with or without tachographs, both electric and gear driven;						
	Thermostatic controls;						
	Throttle, spark, choke, and hood lock release assemblies, including buttons therefor;						
	Torque convertors;						
	Auxiliary transmission overdrive units and controls therefor;						
	Universal joint ball assemblies;						
	Windshield and window wipers;						
	Parts of all the foregoing, including brackets, fittings and connections therefor;						
	Stampings, body, cowl, fender, front end, hood, instrument board, shields and baffles, of metal in the rough, trimmed or not, whether or not welded in any manner before final forming or piercing, but not metal finished in any degree;						

All of the foregoing when for use in the manufacture or repair of the goods enumerated in tariff items 410a (iii), 424 and 438a, or for use in the manufacture of parts therefor	Free	17½ p.c.	30 p.c.	Free	17½ p.c.	30 p.c.
(1) Provided, that if the above articles, when of a class or kind not made in Canada, are for use as original equipment by a manufacturer of passenger automobiles (having a seating capacity of not more than ten persons each) enumerated in tariff item 438*a*, whose total factory output during the year in which importation is sought, does not exceed ten thousand such complete passenger automobiles, and provided that not less than forty per cent of the factory cost of production of such automobiles, not to include duties and taxes, is incurred in the British Commonwealth, the rates of duty under this item shall be	Free	Free	25 p.c.	Free	Free	25 p.c.
(2) Provided, that if the above articles, when of a class or kind not made in Canada, are for use as original equipment by a manufacturer of passenger automobiles (having a seating capacity for not more than ten persons each) enumerated in tariff item 438a, whose total factory output, during the year in which importation is sought, exceeds ten thousand, but does not exceed twenty thousand such complete passenger automobiles, and provided that not less than fifty per cent of the factory cost of production of such automobiles, not to include duties and taxes, is incurred in the British Commonwealth, the rates of duty under this item shall be	Free	Free	25 p.c.	Free	Free	25 p.c.
(3) Provided, that if the above articles, when of a class or kind not made in Canada, are for use as original equipment by a manufacturer of passenger automobiles (having a seating capacity for not more than ten persons each) enumerated in tariff item 438a, whose total factory output, during the year in which importation is sought, exceeds twenty thousand such complete passenger automobiles, and provided that not less than sixty per cent of the factory cost of production of such automobiles, not to include duties and taxes, is incurred in the British Commonwealth, the rates of duty under this item shall be	Free	Free	25 p.c.	Free	Free	25 p.c.

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget Resolution		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
	(4) Provided, that if the above articles, when of a class or kind not made in Canada, are for use as original equipment by a manufacturer of motor trucks, motor buses, electric trackless trolley buses, fire fighting vehicles, motor ambulances, and hearses, or chassis for same, as enumerated in tariff items 410a (iii), 438a and 424, whose total factory output of such vehicles during the year in which importation is sought, does not exceed ten thousand such vehicles, and provided not less than forty per cent of the factory cost of production of such vehicles, not to include duties and taxes, is incurred in the British Commonwealth, the rates of duty under this item shall be.....	Free	Free	25 p.c.	Free	Free	25 p.c.
	(5) Provided, that if the above articles, when of a class or kind not made in Canada, are for use as original equipment by a manufacturer of motor trucks, motor buses, electric trackless trolley buses, fire fighting vehicles, motor ambulances and hearses, or chassis for same, as enumerated in tariff items 410a (iii), 438a and 424, whose total factory output of such vehicles during the year in which importation is sought, exceeds ten thousand units, and provided not less than fifty per cent of the factory cost of production of such vehicles, not to include duties and taxes, is incurred in the British Commonwealth, the rates of duty under this item shall be.....	Free	Free	25 p.c.	Free	Free	25 p.c.
	(6) Provided, that if the above articles are of a class or kind not made in Canada and are for use in the repair of the goods enumerated in tariff items 410a (iii), 424 and 438a, or are for use in the manufacture of repair parts therefor, the rates of duty under this item shall be.....	Free	Free	25 p.c.	Free	Free	25 p.c.
	(7) Provided, that the Governor in Council may make such regulations, if any, as are deemed necessary for carrying out the provisions of this item.						

438d	Front and rear axles; Brakes; Brake drums; Clutches; Fuel pumps for engines of 260 cubic inches and over in displacement; Hubs; Internal combustion engines; Steering gears; Magnetos; Rims for pneumatic tires; Tandem axle suspensions, not to include springs; Transmission assemblies; Hydraulic or fluid couplings; Drive shafts; Universal joint; Steel road wheels; Power dividers or transfer cases; Parts of the foregoing;						
	All of the foregoing when of a class or kind not made in Canada, and when imported only for the manufacture of motor trucks, motor buses, electric trackless trolley buses, fire fighting vehicles, ambulances, hearses, and the chassis for same.....	Free	17½ p.c.	27½ p.c.	Free	17½ p.c.	27½ p.c.
	(1) Provided, that if the above articles are imported for use as original equipment for motor trucks, motor buses, electric trackless trolley buses, fire fighting vehicles, ambulances, hearses, or for chassis for same, by a manufacturer of the goods enumerated in tariff items 410a(iii), 424 and 438a, and provided also that during the year in which importation is sought, not less than forty per cent of the factory cost of production of such vehicles and chassis therefor, not to include duties and taxes, is incurred in the British Commonwealth, the rates of duty under this item shall be..	Free	7½ p.c	27½ p.c.	Free	7½ p.c.	27½ p.c.
	(2) Provided, that if the above articles when of a class or kind not made in Canada are for use in the repair of motor trucks, motor buses, fire fighting vehicles, ambulances, hearses and electric trackless trolley buses, or for chassis for same or for use in the manufacture of repair parts therefor, the rates of duty under this item shall be.....	Free	7½ p.c.	27½ p.c.	Free	7½ p.c.	27½ p.c.
	(3) Provided, that the Governor in Council may make such regulations, if any, as are deemed necessary for carrying out the provisions of this item.						

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget Resolution		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
438e	(1) Parts, n.o.p., electro-plated or not, whether finished or not, for automobiles, motor vehicles, electric trackless trolley buses, fire fighting vehicles, ambulances and hearses, or chassis enumerated in tariff items 438a and 424, including engines, but not to include wireless receiving sets, die castings of zinc, electric storage batteries, parts of wood, tires and tubes or parts of which the component material of chief value is rubber.....	Free	25 p.c.	35 p.c.	Free	25 p.c.	35 p.c.
	(2) Brake linings, and clutch facings whether or not including metallic wires or threads:—						
	(*a*) When made from crude asbestos of British Commonwealth origin.....	Free	25 p.c.	35 p.c.	Free	25 p.c.	35 p.c.
	(*b*) When made from crude asbestos, n.o.p.....	15 p.c.	25 p.c.	35 p.c.	15 p.c.	25 p.c.	35 p.c.
438i	Body bottom cross members and steel shapes for the manufacture thereof; Bumpers, front and rear, including spring steel bumper plates; Casket tables or platforms for hearses; Destination and route sign assemblies, illuminated or not; Direction signals, illuminated or not; Door and step mechanism, hand, vacuum or air operated; Door locks and catches; Electric switches, buzzers, bells, push buttons, fuse assemblies; Forward drive control conversion assemblies; Lamps of all kinds, illuminating and indicating, including sockets, flanges, terminals, glassware, lenses and gaskets therefor, assembled or not, but not to include lamp bulbs, sealed beam units, and electric head lamps; Metal stampings, oiled and primed or not, and assemblies thereof; Rubber fenders; Seat operating mechanisms; Ventilators, including motor driven fan type, and grilles; Window operating mechanisms;						

	Parts of all the foregoing; All of the foregoing when imported to be used only in the manufacture or repair of motor truck bodies, motor bus bodies, electric trackless trolley bus bodies, fire fighting vehicles, ambulances and hearses	Free	Free	20 p.c.	Free	Free	20 p.c.
4401	Aircraft and complete parts thereof, n.o.p. not including engines, under such regulations as the Minister may prescribe:—						
	1. When of types and sizes not made in Canada	Free	Free	Free	Free	15 p.c.	27½ p.c.
	on and after July 1, 1955	Free	15 p.c.	27½ p.c.			
	2. When of types and sizes made in Canada	Free	15 p.c.	27½ p.c.	Free	15 p.c.	27½ p.c.
440n	Engines, when imported for use only in the equipment of aircraft:—						
	1. When of types and sizes not made in Canada	Free	Free	Free	Free	15 p.c.	27½ p.c.
	on and after July 1, 1955	Free	15 p.c.	27½ p.c.			
	2. When of types and sizes made in Canada	Free	15 p.c.	27½ p.c.	Free	15 p.c.	27½ p.c.
442	Articles and materials which enter into the cost of manufacture of the goods enumerated in tariff items 409, 409a, 409b, 409c, 409d, 409e, 409f, 409g, 409h, 409i, 409j, 409k, 409l, 409m, 409n, 409o, 409q and 439c, when imported for use in the manufacture of the goods enumerated in the aforesaid tariff items, or in the manufacture of parts therefor, under regulations prescribed by the Minister	Free	Free	Free	Free	Free	Free
442d	Materials, including all parts, wholly or in chief part of metal, of a class or kind not made in Canada, when imported by manufacturers of goods entitled to entry under tariff items 410g, 410l, 410n, 410o, 410p, 410q, 410s, 410u, 410v, 410w, 410x, 410z, 411, 411a, 411b, 427b, 427c, 427f, 428c, 428e, 440k and 447a, for use in the manufacture of such goods in their own factories, under such regulations as the Minister may prescribe	Free	Free	10 p.c.	Free (various)	5 p.c. (various)	10 p.c. (various)
443a	Ovens, of a class or kind not made in Canada, for use in commercial bakeries; complete parts of the foregoing	Free	7½ p.c.	30 p.c.	Free	10 p.c.	30 p.c.
443c	Automatic pilots, thermostatic controls, thermostatically-operated controls, hydrostatically-operated controls, and parts of the foregoing, of a class or kind not made in Canada, for use in the manufacture of gas water heaters	Free	10 p.c.	30 p.c.	15 p.c.	22½ p.c.	30 p.c.

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget Resolution		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
445m	(1) Flameproof electric switchgear, for use in mines in which inflammable gases exist, and complete parts thereof	Free	20 p.c.	30 p.c.	Free 15 p.c.	20 p.c. 22½ p.c.	30 p.c. 30 p.c.
	(2) Flameproof electric transformers, rectifiers, cable-connecting devices, trailing cable extensions with couplers moulded on, junction boxes, and complete parts of the foregoing, when of a class or kind not made in Canada and for use in mines in which inflammable gases exist	Free	10 p.c.	37½ p.c.	Free 15 p.c. 15 p.c.	10 p.c. 22½ p.c. 22½ p.c.	37½ p.c. 37½ p.c. 30 p.c.
445o	(ii) Metal powders; etched aluminum foil; textile fabrics, coated with aluminum; alloy resistance wire having a diameter of less than ·005 inch; spring-drive motors for record turntables; automatic record-centering mechanisms with tone arm, not including motors or turntables; metal cabinet escutcheons with crystals, plain or finished; when of a class or kind not made in Canada and for use in the manufacture or the repair of the goods enumerated in tariff items 445d, 597a, and other apparatus using radio tubes, or for use in the manufacture of parts therefor	Free	Free	30 p.c.	Free 20 p.c. Free	Free 25 p.c. Free	30 p.c. 35 p.c. and 4 cts. lb. 20 p.c.
445r	Apparatus for the receiving and transmitting of photographs by wire	Free	Free	30 p.c.	Free	20 p.c.	30 p.c.
447c	Steel rolls, filled or surfaced with paper or cotton, for use exclusively in the manufacture of paper	Free	Free	35 p.c.	10 p.c.	22½ p.c.	35 p.c.
461	(1) Safes including doors; doors and door frames for vaults; scales, balances, weighing beams and strength-testing machines of all kinds, n.o.p.	10 p.c.	20 p.c.	35 p.c.	10 p.c.	20 p.c.	35 p.c.
	(2) Parts of scales, finished or unfinished	Free	10 p.c.	35 p.c.	Free	12½ p.c.	35 p.c.

462a	Photographic cameras and equipment, viz.:—						
	(1) Cameras and parts thereof for making negatives or positives 3¼ inches by 4¼ inches or larger, including carrying cases therefor	Free	Free	10 p.c.			
	(2) Accessories for cameras:—Exposure meters, range finders, lens hoods, lantern slide attachments, camera stands, camera tripods and tripod tops, vignetters, diffusion discs and holders, colour filters and holders, polarizing screens and holders, backgrounds, flash tubes for high-speed flash apparatus, flash guns; parts of the foregoing	Free	Free	10 p.c.	Free 2½ p.c. 5 p.c. 7½ p.c. Free 15 p.c. 20 p.c.	Free 15 p.c. 17½ p.c. 20 p.c. 15 p.c. 22½ p.c. 25 p.c.	Free 30 p.c. 30 p.c. 30 p.c. 30 p.c. 30 p.c. 30 p.c.
	(3) Contact printers, projection printers commonly known as enlargers for negatives or positives 4 inches by 5 inches and larger, temperature controls or heaters for photographic solutions, film and print driers, mounting presses, print washers, negative or sheet-film hangers, ferro-type plates, film and paper processors for strip photo-finishing, print straighteners, photographic timing devices, densitometers, tanks or trays for negative and positive processing; parts of the foregoing	Free	Free	10 p.c.			
462b	Cinematograph and motion picture cameras for use by professional motion picture producers having studios in Canada equipped for motion picture production; parts of the foregoing	Free	9 p.c.	15 p.c.	Free 5 p.c.	9 p.c. 17½ p.c.	15 p.c. 30 p.c.
468	Animal cages of wire and metal parts thereof	10 p.c.	22½ p.c.	35 p.c.	15 p.c. 10 p.c.	25 p.c. 22½ p.c.	30 p.c. 35 p.c.
471b	Wood split pulleys for power transmission, including interchangeable bushings	Free	7½ p.c.	27½ p.c.	15 p.c.	22½ p.c.	27½ p.c.
478	Artificial limbs; spinal and other orthopedic braces; parts of the foregoing	Free	Free	Free	Free 15 p.c.	Free 22½ p.c.	Free 45 p.c.
479	Materials and articles for the manufacture of the goods enumerated in tariff item 478	Free	Free	Free	Free (various)	Free (various)	Free (various)

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget Resolution		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
482	Ear-telephone sets and similar appliances, including batteries, battery chargers and battery testers therefor, for use by deaf persons; electronic ear-training apparatus, including microphones, head-sets, record-turning devices and tone arms, specially designed for use by, or for the training of, the deaf; parts of the foregoing; under regulations prescribed by the Minister	Free	Free	Free	Free 15 p.c. Free Free	Free 22½ p.c. 15 p.c. 20 p.c.	Free 30 p.c. 30 p.c. 30 p.c.
490a	Vanadium preparations for use as catalysts	Free	Free	Free	Free 15 p.c.	Free 20 p.c.	Free 25 p.c.
499a	Nut shells; nut shell flour, wood flour, bark flour, and mixtures thereof	Free	Free	20 p.c.	Free 15 p.c.	5 p.c. 20 p.c.	20 p.c. 25 p.c.
522e	Cotton sewing thread yarn and crochet, knitting, darning and embroidery yarn, in hanks, or on dyeing or bleaching cores, when imported by manufacturers for use exclusively in their own factories in the manufacturing or spooling of cotton sewing thread and crochet, knitting, darning and embroidery cottons	5 p.c.	10 p.c.	20 p.c.	5 p.c. 15 p.c.	10 p.c. 17½ p.c. and 3 cents per pound.	20 p.c. 25 p.c. and 4 cts. per pound.
563	Fabrics of a class or kind not made in Canada, of any textile fibre, not made up, imported for use only for bolting or sifting materials or for the manufacture of screens for printing	Free	Free	Free	Free 17½ p.c. 22½ p.c.	Free 25 p.c. and 5 cts. per lineal yd. 25 p.c. and 30 cts. lb.	Free 45 p.c. and 10 cts per lineal yd. 45 p.c. 40 cts. lb.
618b	Tires and tubes, wholly or in part of rubber:—						
	(1) Specially designed and adapted for use only on internal combustion tractors	Free	Free	Free	Free	Free	Free
	(2) N.o.p.	20 p.c.	22½ p.c.	35 p.c.	20 p.c.	22½ p.c.	35 p.c.

657	Mouthpieces in the rough, screws, aluminum fittments, pipe bowls moulded from briarwood dust, bowls of wood not further processed than frazed, corn cobs and corn cob bowls not further processed than shaped, when imported by manufacturers of tobacco pipes or cigarette holders for use in the manufacture of such articles in their own factories	Free	Free	25 p.c.	Free 15 p.c. 15 p.c.	Free 22½ p.c. 20 p.c.	25 p.c. 30 p.c. 27½ p.c.
660	Moulding material consisting of a mixture of synthetic rubber and wax with a backing of aluminum not exceeding .006 inch in thickness, for use by electrotypers in the manufacture of electrotypes	Free	7½ p.c.	30 p.c.	15 p.c.	22½ p.c.	30 p.c.
660a	Cellulose nitrate sheets with turned edges, for the production of engravings for use by printers	Free	7½ p.c.	30 p.c.	10 p.c.	25 p.c.	40 p.c.
681b	Residue, revert, or waste from chemical or metallurgical processes, containing aluminum oxide or other aluminum compounds mixed with other materials, imported by Canadian smelters or refiners for recovery of aluminum oxide and attendant by-products	Free	Free	10 p.c.	15 p.c.	20 p.c.	25 p.c.
690a	Casual donations sent by persons abroad to friends in Canada, or brought into Canada personally by non-residents as gifts to friends, and not being advertising matter, tobacco or alcoholic beverages, when the value thereof does not exceed ten dollars in any one case, under such regulations as may be prescribed by the Minister	Free	Free	Free	Free (various)	Free (various)	Free (various)
696	Philosophical and scientific apparatus, utensils, instruments, and preparations, including boxes and bottles containing the same; maps, charts, photographic reproductions and other pictorial illustrations, casts as models, animals as research or experimental subjects; living plants, seeds, cuttings, buds, scions, tubers, bulbs and root-stock; mechanical equipment of a class or kind not made in Canada. All articles in this item, when for the use and by order of any society or institution incorporated or established solely for religious, philosophical, educational, scientific or literary purposes, or for the encouragement of the fine arts, or for the use and by order of any public hospital, college, academy, school, or seminary of learning in Canada, and not for sale, under regulations prescribed by the Minister	Free	Free	Free	Free (various)	Free (various)	Free (various)

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget Resolution		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
708a	(1) Publications of the United Nations or any of its specialized agencies	Free	Free	Free	Free	Free	Free
	(2) Publications of the North Atlantic Treaty Organization or any of its specialized agencies	Free	Free	Free	Free	Free	Free
848	(1) All machinery and apparatus and parts thereof (including motive power) and drilling mud, for use exclusively in exploratory or discovery work in connection with, and development, depletion and production of petroleum or natural gas wells; seamless, lapwelded and electric welded iron or steel casing, tubing and drill pipe for use in connection with natural gas or oil wells	Free	Free	Free	Free	Free	Free
	(2) Materials for use in the manufacture of the goods enumerated in tariff item 848(1)	Free	Free	Free	Various	Various	Various

3. Resolved, that Schedule A to the Customs Tariff be amended by striking thereout tariff items 54, 192a, 208w, 216g, 280, 326c, 326d, 379 *(f)*, 383 *(g)*, 498, 569c, 626, 658 and 664, the several enumerations of goods respectively, and the several rates of duties of customs, if any, set opposite each of the said items, and by inserting the following items, enumerations and rates of duty in said Schedule A:—

54	Hominy grits, hominy feeds and brewers' corn grits	10 p.c.	10 p.c.	25 p.c.	10 p.c.	10 p.c.	25 p.c.
54a	Corn grits for use in the manufacture of corn flour ..... per one hundred pounds	Free	Free	30 cts.	Free	Free	30 cts.
54b	Corn grits, n.o.p.	7½ p.c.	7½ p.c.	25 p.c.	7½ p.c.	7½ p.c.	25 p.c.
90h	Okra, sliced and salted	Free	5 p.c.	35 p.c.	Free	5 p.c.	35 p.c.
115a	Herring, fresh	Free	Free	Free	Free	Free	Free
158b	Mixtures of methyl alcohol and other ingredients, when imported by tanners for use exclusively as a solvent for dyes for the dyeing of leather in their own factories ..... per proof gallon	5 cts.	5 cts.	20 cts.	5 cts.	5 cts.	20 cts.

192a	(1) Pulp board in rolls not less than nine one-thousands of an inch in thickness for use in wrapping rolls of paper	5 p.c.	7½ p.c.	10 p.c.	5 p.c.	7½ p.c.	10 p.c.
	(2) Pulp board in rolls for use in the manufacture of wallboard	Free	5 p.c.	5 p.c.	Free	5 p.c.	5 p.c.
194a	Wholly or partially lithographed or printed sheets when imported by manufacturers of playing cards for use exclusively in the manufacture of playing cards in their own factories	15 p.c.	20 p.c.	35 p.c.	15 p.c.	20 p.c.	35 p.c.
202a	Twine or yarn of paper	Free	Free	Free	Free	Free	Free
202b	Paper matting	17½ p.c.	22½ p.c.	25 p.c.	17½ p.c.	22½ p.c.	25 p.c.
208w	(1) Theobromine, crude	Free	Free	Free	Free	Free	Free
	(2) Crude bromides for the production of bromine	Free	Free	Free	Free	Free	Free
	(3) Dimethyl sulphate	Free	Free	Free	Free	Free	Free
216g	Compounds or sheets, of which the chief organic component is shellac, imported for use exclusively in the manufacture of phonograph records	Free	5 p.c.	25 p.c.	Frec	5 p.c.	25 p.c.
216i	Nicotinic acid when imported for use in the manufacture of nicotinic acid amide and when imported for use in the manufacture of diethylamide of nicotinic acid	Free	Free	25 p.c.	Free	Free	25 p.c.
219f	Riboflavin (also known as Vitamin B_2, Vitamin G, Lactoflavin) without admixture or mixed only with any necessary carrier or dilutent when imported for use only in the manufacture of feeds for livestock, poultry or fur-bearing animals	Free	Free	Free	Free	Free	Free
254b	Lac, crude, seed or stick when imported by manufacturers of bleached shellac for use exclusively in the manufacture of bleached shellac in their own factories	Free	Free	Free	Free	Free	Free
280	(1) Foots, being the refuse of cotton seed or olives after the oil has been pressed out	Free	Free	Free	Free	Free	Free
	(2) Grease, rough, the refuse of animal fat, for the manufacture of soap and oils only	Free	Free	Free	Free	Free	Free
	(3) Inedible oils, without admixture, obtained from animal fat, for use in the manufacture of soap or oils	Free	Free	Free	Free	Free	Free

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget Resolution		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
282c	Grog, produced by calcining fire clay, or in the form of calcined dobbies, fire brick, or other refractory shapes, which have been broken, crushed, or ground, screened to size or not, but not further manufactured, when imported for use exclusively by manufacturers of refractory materials in the manufacture of such materials.....per ton	60 cts.	$1.00	$1.15	60 cts.	$1.00	$1.15
	Provided, that in no case shall the duty exceed....	12½ p.c.	20 p.c.	22½ p.c.	12½ p.c.	20 p.c.	22½ p.c.
287a	Articles of chinaware when imported to be mounted by manufacturers of silverware in their own factories.....	12½ p.c.	17½ p.c.	22½ p.c.	12½ p.c.	17½ p.c.	22½ p.c.
291	White portland cement clinker for use in the manufacture of white portland cement.....per one hundred pounds.....	2 cts.	3½ cts.	6 cts.	2 cts.	3½ cts.	6 cts.
296f	Limestone, not further processed than crushed or screened.....	Free	Free	25 p.c.	Free 15 p.c.	Free 20 p.c.	25 p.c. 25 p.c.
316b	Metallic elements and tungstic acid when imported by manufacturers for use only in their own factories in the manufacture of metal filaments for electric lamps.....	Free	Free	Free	Free	Free	Free
326c	(1) Blanks of uncoloured clear glass, when imported by manufacturers to be used exclusively in the manufacture of silvered mirror reflectors or acid-etched reflectors or refractors, for lighting systems.....	Free	9 p.c.	10 p.c.	Free	9 p.c.	10 p.c.
	(2) Blanks or shapes of uncoloured clear glass when imported for use in the manufacture of silvered, coloured or decorated Christmas tree ornaments	Free	Free	22½ p.c.	Free	Free	22½ p.c.
	(3) Single wall hollow shapes of glass, not silvered, when imported by manufacturers of vacuum insulated containers for use exclusively in the manufacture of such articles in their own factories.....	Free	5 p.c.	32½ p.c.	Free	5 p.c.	32½ p.c.

	(4) Glass plates or discs, rough cut or unwrought, for use in the manufacture of optical instruments, when imported by manufacturers of such optical instruments	Free	Free	Free	Free	Free
326d	Beads, drops or other shapes of glass or cellulose acetate, when imported by manufacturers of imitation pearls, for use exclusively in the manufacture of such articles in their own factories	Free	Free	Free	Free	Free
326j	Glass balls or marbles when imported by manufacturers of glass fibres or glass yarn, for use exclusively in the manufacture of such fibres or yarn in their own factories	Free	Free	Free	Free	Free
346c	Zinc sheets, not planished, ground or polished, coated on one side with acid-resisting material, imported by planishers, grinders or polishers of zinc sheets to be used exclusively in the planishing, grinding, polishing or other processing of such sheets, ready for use by photo engravers	Free	Free	25 p.c.	Free	25 p.c.
352d	Friction material of metal powders, compressed, sintered and welded or fastened to a solid metal or other backing for support, in strips, sheets, discs, rings, slabs, blocks, bars, rods, tubes and other primary shapes	Free	10 p.c.	10 p.c.	Free	10 p.c.
383	Sheets, plates, hoop, band or strip, of iron or steel:— *(g)* Corrugated or pebbled, coated or not	10 p.c.	20 p.c.	25 p.c.	10 p.c.	20 p.c.
386	*(u)* Hoop, band or strip, of steel of Bessemer quality, when imported by manufacturers of hinges, for use exclusively in the manufacture of hinges, in their own factories.....per ton	Free	$4.00	$8.00	Free	$4.00
388f	Sash, casement or frame sections of iron or steel, hot or cold rolled, coated or not, not punched, drilled nor further manufactured, and similar material formed from hot or cold rolled iron or steel strip, coated or not, when imported by manufacturers of metal window sash, casements or frames for use in the manufacture of such articles, in their own factories.....per ton	Free	$7.00	$7.00	Free	$7.00
398c	Seamless steel tubing, valued at not less than five cents per pound, when imported by manufacturers of roller bearings for use exclusively in the manufacture of such bearings in their own factories	Free	Free	30 p.c.	Free	Free

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget Resolution		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
402e	Speedometer flexible shafting, consisting of a steel centre wire around which two or more layers of steel wire are helically wound consecutively in opposite directions, in coils of not less than 1,000 feet, when imported by manufacturers of speedometers or speedometer parts, for use in the manufacture or repair of such articles	Free	Free	35 p.c.	Free	Free	35 p.c.
434d	Rolled steel wheels in one piece in the rough, not drilled or machined in any manner, for railway vehicles, including locomotives and tenders, when imported for use in the manufacture of steel wheels for use on railway rolling stock	Free	20 p.c.	30 p.c.	Free	20 p.c.	30 p.c.
438m	Composite frame and floor structure of metal in the rough for use in the manufacture of automobiles and motor vehicles	Free	Free	25 p.c.	Free	Free	25 p.c.
446n	Articles of iron, steel or nickel, or of which iron, steel or nickel are the component materials of chief value, of a class or kind not made in Canada, when imported by manufacturers of electric storage batteries for use exclusively in the manufacture of such storage batteries, in their own factories	10 p.c.	10 p.c.	20 p.c.	10 p.c.	10 p.c.	20 p.c.
454a	Materials, including all parts, imported for use only in the manufacture of purse frames	Free	Free	25 p.c.	Free	Free	25 p.c.
498	(1) Cane, reed or rattan, not further manufactured than split	Free	Free	Free	Free	Free	Free
	(2) Twine or yarn of grass when imported by manufacturers of furniture for use only in their own factories in the manufacture of furniture	Free	Free	Free	Free	Free	Free
506c	Staves and heading of wood, finished or unfinished, for use in the manufacture of tight barrels or kegs	Free	Free	Free	Free	Free	Free
506g	(1) Wood handles, when imported by manufacturers of D shovel handles, for use only in the manufacture of such D shovel handles in their own factories	10 p.c.	10 p.c.	15 p.c.	10 p.c.	10 p.c.	15 p c.

	(2) Ten pin blocks of wood in the rough, when imported by the manufacturers of ten pins for use only in the manufacture of such articles in their own factories	5 p.c.	7½ p.c.	10 p.c.	5 p.c.	7½ p.c.	10 p.c.
	(3) Wood shafts for handles of golf clubs not further manufactured than rough turned and wood golf heads not further manufactured than rough turned, when imported by the manufacturers of golf clubs and golf sticks for use only in the manufacture of golf clubs and golf sticks in their own factories	5 p.c.	5 p.c.	10 p.c.	5 p.c.	5 p.c.	10 p.c.
519b	Complete parts of cash registers, when imported by manufacturers of cash registers for use exclusively in the manufacture of such registers in their own factories	15 p.c.	15 p.c.	25 p.c.	15 p.c.	15 p.c.	25 p.c.
522g	(1) Yarns and warps, wholly of cotton, number eighty and finer, two-ply, gassed, of a class or kind not made in Canada, imported by manufacturers of woven fabrics for use exclusively in their own factories in the production of woven fabrics	Free	10 p.c.	15 p.c.	Free	10 p.c.	15 p.c.
	(2) Yarns, wholly of cotton, number forty and finer, not more advanced than singles, when imported by manufacturers for use exclusively in their own factories in the manufacturing of cotton sewing thread	Free	10 p.c.	15 p.c.	Free	10 p.c.	15 p.c.
535f	Waste portions of unused fabrics or used garments, imported to be used exclusively for disintegrating, or for manufacture into wiping rags, under regulations prescribed by the Minister	Free	Free	Free	Free	Free	Free
551f	Sliver strands in wrap form, wholly or in part of wool or hair, imported by manufacturers of braided mats and rugs, for use in the manufacture of such articles in their own factories	Free	Free	20 p.c.	Free	Free	20 p.c.
	....and, per pound			17½ cts.			17½ cts.
	(1) Hat braids, of a class or kind not made in Canada, whether woven, knitted or plaited, not exceeding six inches in width, imported for use exclusively in the manufacture of hat bodies or shapes, but not for use in the ornamentation or trimming of such bodies or shapes, under regulations prescribed by the Minister	Free	Free	Free	Free	Free	Free
	(2) Materials, of a class or kind not made in Canada, imported by manufacturers of hat braids, to be manufactured in their own factories into woven, knitted or plaited hat braids only	Free	Free	Free	Free	Free	Free

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget Resolution		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
587a	Ground coke, when imported by manufacturers of electric batteries for use only in their own factories in the manufacture of such batteries.....	Free	Free	Free	Free	Free	Free
588c	Bituminous coal which enters into the cost of manufacture of synthetic rubber, when imported for use exclusively in the production of synthetic rubber..	Free	Free	Free	Free	Free	Free
588d	Coal, including screenings and coal dust of all kinds, imported to be converted into coke.....per ton	Free	Free	75 cts.	Free	Free	75 cts.
608a	East India kip leather, not further finished than tanned.....	Free	10 p.c.	20 p.c.	Free	10 p.c.	20 p.c.
608b	Sheepskin and goatskin leather, not further finished than tanned, when imported by tanners for processing in their own factories.....	Free	10 p.c.	20 p.c.	Free	10 p.c.	20 p.c.
658	Motion picture film, of 16 millimetre width and over, when imported by recognized processors of motion picture film having duly equipped laboratories for processing motion picture film in Canada, for the sole purpose of having reproductions made therefrom, and provided that the original is re-exported within six months from the date of importation, under such regulations as the Minister may prescribe.....per linear foot	Free	Free	3 cts.	Free	Free	3 cts.
663i	Phosphate rock, defluorinated, imported for use in the manufacture of animal or poultry feeds.....	Free	Free	Free	Free	Free	Free
664	(1) Crude glycerine, when imported by manufacturers for use only in their own factories in the manufacture of refined glycerine.....	Free	Free	Free	Free	Free	Free
	(2) Glycerine, when imported by manufacturers of explosives, for use exclusively in the manufacture of such articles in their own factories.....	Free	Free	Free	Free	Free	Free
681a	Smelter refinery or rolling mill residue or revert (not being scrap metal) imported by Canadian refiners or smelters for recovery of the metal content.....	Free	Free	Free	Free	Free	Free

4. Resolved, that Schedule B to the Customs Tariff be amended by striking thereout tariff items 1014 and 1067, the enumerations of goods and the rates of drawback of customs duties set opposite each of the said items.

5. Resolved, that any enactment founded upon the foregoing resolutions to amend Schedules A and B to the Customs Tariff shall be deemed to have come into force on the ninth day of April, one thousand nine hundred and fifty-two, and to have applied to all goods mentioned in the foregoing resolutions imported or taken out of warehouse for consumption on and after that date, and to have applied to goods previously imported for which no entry for consumption was made before that date.

(*See also Budget Papers, pages 1307 to 1391.*)

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, as is customary I wish to thank the Minister of Finance (Mr. Abbott) for the clear and interesting picture he has given of our affairs. I not only wish to thank him; I wish to say that I welcome seeing in what he has said certain signs of repentance. That give me great satisfaction. I know the minister will not expect me to go further than he went himself in praising him. In fact I do not know that there is anything I can add to that except to say I should like to hear the minister when he is not in a modest mood. Certainly I can say this to the minister, that if I ever have an unpleasant and nasty pill which I wish gilded I would hope I might have his assistance in doing it. I was particularly interested in the joy registered by those who have applauded the minister. Their constituents must be very different from mine.

Some hon. Members: They are.

Mr. Macdonnell (Greenwood): They evidently live in constituencies where people love high prices but in Greenwood as a matter of fact the people do not love high prices. I would ask these members if they have a formula to make the people in their constituencies like high prices will they disclose it to me, or still better, will they come and help me in Greenwood?

Mr. Sinnott: They like balanced budgets too.

Mr. Macdonnell (Greenwood): As the minister was speaking of millions, hundreds of millions and billions I was thinking of a different kind of people, people who do not deal in billions or hundreds of millions and who, as a matter of fact, in spite of the success story we have heard tonight, in spite of the glowing figures we have heard tonight, do not find they are sharing very greatly in this prosperity. They feel that it is passing them by. They are unhappy and perplexed. It is about them I wish to talk tonight. They hear a lot about the glories of our currency. They hear much said about our dollar being at par with the United States dollar, but they know that our dollar is not at par with the things they have to buy, with bread, meat, milk and clothes. They know it is at a 50 per cent discount with relation to those things, and that bothers them. As I say, they are bothered by high taxes and high prices, and recently they have begun to be bothered by unemployment too.

I should like to refer to certain things that are said by friends of the government in commenting on this situation but first I should like to say that so far as I can see the chickens are beginning to come home to roost, and they are not a very pleasant brood when you look at them. I think the people of Canada are going to look at them closely because one thing the minister has done—and in this he has had shining success—is that he has made the people of Canada tax conscious, tax puzzled and tax angry in a way that in my memory they have never been before. I think they will indeed welcome the suggestion of the mayor of Ottawa that in addition to a cost of living index there should be a cost of taxes index. All the soothing things that the minister says are not going to take their minds away from these things.

I come now to the amount that we are being asked to raise, and I should like to read a brief statement from the Winnipeg *Free Press* which, in spite of occasional qualms, supports this government through thick and thin. What has it got to say about the figure of $4,335 million plus, plus, plus, about which I will say something in a moment? The *Free Press* of March 22, 1952, has this to say:

> These figures will enable the public, all of whom in one or other form are taxpayers, to realize the disturbing and, indeed, appalling way in which federal expenditures have risen in recent years.

The *Free Press* later refers to government profligacy, and I shall refer to it too. The *Free Press* is right. These figures are appalling. The minister has explained to us how he is going to deal with them this year, and if we continue on the crest of a rising boom he will deal with them this year and undoubtedly even have another surplus. Maybe we will find it tucked away somewhere. Nevertheless it is an appalling thing because to begin with we have $4,335 million. Then you can add $100 million right away to cover the dominion-provincial tax agreements. Then there was $441 million in supplementary estimates this year. On that basis

you would have $4,876 million, or say $4,800 million. Now, Mr. Speaker, that is $13,150,000 a day. It is $547,000 an hour and it is nearly $10,000 a minute. In other words, since I began to speak five minutes ago the minister has taken $50,000 out of our pockets.

Putting it differently, it comes to something like $343 for every man, woman and child on the average. I know that average figure is criticized but nevertheless it is a rough and ready guide. If you take a family of five it is $1,715 and that would come to about $30 a week in taxation. I admit that figure needs adjustment but it is a figure that people might just as well have in their minds. The minister takes it lightly and buoyantly. He speaks about buoyant revenues, and they are buoyant, although we must remind ourselves that they are produced very substantially by inflated prices. Sometimes I think the minister almost feels that taxes come like manna from heaven.

Last year we pointed out to the minister exactly what was going to happen if these extra taxes were imposed. On April 16, 1951, as found at page 2051 of *Hansard* I said:

> This budget, which is purporting to cure inflation, will cause as its inescapable first result a substantial increase in the cost of living.

We told the minister that, and it was true. We told him it would produce a surplus beyond what he expected, and that was true. Notwithstanding the formidable words used by the minister, I propose to say a little about the mystery of the surplus. In the beginning I would say to the minister that if it were not so serious this matter of the surplus would be rather amusing. Indeed, in certain quarters they are dealing with it as if it had become a kind of joke, not a very good joke. The Montreal *Gazette* had an editorial this morning beginning, "Button, button, who's has got the button".

That is partly because of a broadcast the minister made on February 19 in which he referred to the then surplus of $722 million and went out of his way to say what a good thing it was that this unexpected surplus had arisen. In his radio address he had this to say:

> Supposing we had not had this large budgetary surplus, where would we have got the money for all these necessary loans, advances and investments?

I thought that was an odd thing because after all the minister had these requirements in his mind in April when he budgeted, but nevertheless that is what the minister said. As I say, he explained that these moneys had been spent, and indeed he rather gloried in it. I want to point out that these moneys were used for loans and investments without any warning to the people who paid the taxes that that was going to be done. I think there is no question whatever that the people who paid the taxes would be in the highest degree surprised to find that their money had been used in this way. There is no other conclusion they could reach but that hundreds of millions of dollars were taken from them unnecessarily.

The situation in the public mind is well pictured by a cartoon I have here from the St. Catharines *Standard*. It depicts the minister—

Mr. Abbott: Put it on *Hansard*.

Mr. Macdonnell (Greenwood): Unfortunately I have got to return it. On the whole it is not uncomplimentary at all. The minister looks firm and rather aggressive, but on the other hand he is depicted in this fashion. He is a conjuror on a platform. One can see a very interested spectator just below—there seems to be only one—and in his left hand the minister is holding up a rabbit which is inscribed "That embarrassing surplus." The minister is saying, "Now, watch this vanish." The caption at the top is "But they usually multiply." My own suggestion to the minister is that he should have this called "Abbott's rabbit", and have it set up in his room.

This surplus, this bad budgeting, was a joint effort. The Minister of Finance (Mr. Abbott) got more money than he expected, and the Minister of Defence Production (Mr. Howe) did not spend as much as he expected. I think they had better get together and see whether they cannot do a better job this time. I always thought the Minister of Defence Production (Mr. Howe) could spend an unlimited amount of money, but apparently he did not quite come through this time.

Now I want to come back for a moment to taxes, which are really our greatest national industry. The minister is in this fortunate position, that whereas other creditors may have to wait for their money the tax collector goes and gets his. The minister is going to get, let us say, $4,800 million. I would like to compare that for a moment with some other interesting figures in our national economy. In 1950—I could not get the 1951 figures—the manufacturing industry of this country produced goods to the value of $4,378 million. In other words the minister is going to spend more than the product of our entire manufacturing industry. In 1950 the industry of agriculture produced goods to the value of $1,792 million, only about one-third of what the minister is going to get. The people of this country should register in their minds the amount the minister is going to spend, for it raises this question which we should all keep before us. When we talk

about the gross national product, it will be found that a very large part of that results from government expenditure. We are coming back to something like the war conditions, when we all remember that the government spent so much.

Now I want to say just a word about the cost of living. The minister did not say as much about that as I thought he would. Perhaps he was being modest, or perhaps the small drop in the cost of living calls up unpleasant memories of the foot-and-mouth disease scandal which has cut off our meat producers from the United States. It may even call up memories of unemployment, which now is rampant to some extent and which undoubtedly has had something to do with the drop. But I want to be fair; there has been a drop of 2½ points in food prices in the last month or two. I have tried to get the best figures possible from those who understand these matters, to show what that would mean to an average family. As far as I can make out it would mean .46 cent a meal saved, or just under half a cent a meal. So I want to bring that to the attention of the house.

The next question I want to ask is, do we need all this money? On that point I should like to read a few words, again from the Winnipeg *Free Press* of March 22, where they say:

> But the weak spot in the federal government's policy (and it now assumes a most aggravated form) is that it does not obey its own rules. It gives good advice and sets a thoroughly bad example. In this allowing expenditures to get out of hand Ottawa has failed to measure up to its own standard of what is required in these times.

And this also:

> When the figures are searched for an explanation of this profligacy, none is to be found.

The word "profligacy" as I understand it means wasteful extravagance, and that is the word used by the *Free Press*.

Now let us see what sign of economy there is. I observe one thing of interest. We sometimes complain that the government does not share responsibility with us, but this is one place where the minister is very anxious to share responsibility, and to evade it himself. He evades responsibility by saying that really this is our fault, and that we should be helping him. That is true enough: nevertheless this is a government responsibility.

Do we need all this money, this $4,800 million? The government tries to create the impression that it is all in defence and social security, and a great deal of it is; but as the *Free Press* is careful to point out, that is not a complete answer. When we come back to defence one or two things should be said there, too. I am sure everyone in this house wishes to spend for defence what is necessary to secure our safety; but that is not to say this figure of $2,100 million which is waved in our faces is necessarily a rock-bottom figure. During the defence debate in this house searching criticisms have been made which would suggest that this two billion dollar figure may be greatly exaggerated, and that is where some saving may be made. Presumably this gentle improvement in the tax situation which we have seen tonight may be taken as a preliminary to what is going to happen next year, when of course it will be very necessary to have some sweetener available.

I want to draw attention to just two or three of the items one finds in the estimates for next year. In the first place there is a figure of $46 million for travel and removal. I should be quick to say that includes moving troops to Korea and Germany; nevertheless $46 million is a lot of money and it is not possible for me to believe that something could not be done there. The next item I wish to refer to is $17 million for publicity. We all know what publicity is, of various kinds. It includes press hand-outs, films and all sorts of things; and I should point out that this amount does not include the salaries of that noble army who work in the various departments on publicity duties. This is merely what you might call out of pocket expenses.

A further figure, though it is not so large, which staggered me perhaps more than any other is an item of $4,891,000 in the defence department for telegraphs, telephones and other communications. I had a little illustration the other day which perhaps helps to explain that. A man who had been in the department years ago went in to obtain some information from an officer there. The officer said, "I don't know, but I will get it for you very quickly," and he reached for the telephone and telephoned to Vancouver. He did get the information very quickly. In these days of air mail I wonder if it is really so that there are urgent communications passing between the various officials of the government which require an expenditure of $4,891,000.

Now, Mr. Speaker, I come to comment briefly on the tax changes announced tonight. I welcome, as others will, the change in the corporation tax, though I regret very much it is still over 50 per cent which the minister has already stated more than once in this house he thinks too high. The relief is very little. It is rather like the hangman who, before the execution, offers you a cigarette. Still it is better than nothing, though not very

much. We also welcome the minister's intention to try to help the utility companies, and I appreciate the fact that crown corporations are now going to pay their shot. On the personal income tax side, the correction of the inequity of having taxes running over 100 per cent was clearly called for. I think the minister's adjustments there will merit consideration, and presumably they will be a relief.

In connection with the sales tax it seems to me we find the minister not at his best. We find him here unrepentant and what I can only term perverse. It seems to me his pride is involved. He made statements last year with regard to the sales tax which we told him were wrong and which I submit in this last year have been abundantly proved wrong; nevertheless the minister persists. In connection with the excise tax I have already read to the house what we said last year; and I am glad to see that in this instance the minister has repented and that there is to be an adjustment. As to cigarettes, of course everyone knew that situation was impossible, but it is a pity that it had to be left to smugglers and bootleggers to correct it rather than those of us who regard ourselves as more respectable.

An hon. Member: Why?

Mr. Macdonnell (Greenwood): I am sure that the Minister of National Revenue (Mr. McCann) will agree with that anyway.

The minister has talked in billions to taxpayers who have to think in small amounts of five's and ten's. I believe he overlooked the fact that there are hundreds of thousands of voters in this country to whom his tax burden is a grievous one. They will feel again that, with this flood of expenditure, quite possibly, in spite of the check at the moment, prices may go up again if the spending develops in a big way, and that they may again be the victims of an unexpected surplus. They will certainly be on the lookout to see whether the situation arises in the coming year which they feel has arisen in the past year when they have been taxed to an amount far beyond what was necessary.

On motion of Mr. Macdonnell (Greenwood) the debate was adjourned.

JAPANESE PEACE TREATY

APPROVAL OF TREATY SIGNED AT SAN FRANCISCO SEPTEMBER 8, 1951

Hon. L. B. Pearson (Secretary of State for External Affairs) moved:

That it is expedient that the houses of parliament approve the treaty of peace with Japan, declarations (2) of Japan and Protocol, all as signed at San Francisco on the eighth day of September, 1951, and that this house do approve the same.

[Mr. Macdonnell (Greenwood).]

He said: This motion which I have the honour to move gives to the house an opportunity to express its views on the Japanese peace treaty which was signed last autumn. The adoption of this resolution, which I think will commend itself to all sections of the house, will make it possible to bring the state of war with Japan to an end. I devoted some attention to this treaty, Mr. Speaker, in my remarks in the house on October 22 last, and at this time I do not want to repeat what I said then.

Since the signature of the treaty, it has been ratified by the Japanese Diet with the resounding vote of 307 to 47 recorded in the Japanese house of representatives. The United Kingdom government has also ratified the treaty—and deposited its instrument of ratification—as has the United States government. Parliamentary action has also been completed in Australia, New Zealand, Pakistan and Ceylon. The treaty will come into effect when a majority of eleven states, mentioned specifically in the treaty—a group which includes Canada—have ratified it. It seems likely, therefore, from the action which has been taken up to this moment, that the treaty will come into effect in the near future. This could happen whether or not Canada ratifies the treaty. I believe that no useful purpose would be served by this house delaying action in regard to the treaty at this time.

The treaty is a generous one. It has been represented by one of its main architects as a treaty of reconciliation, and that, I think, is what it is. Last October, when we were discussing this matter I referred to it as a good treaty, and I still believe it is a good treaty. It is, of course, not a perfect one, but I doubt if we had had months of discussion at San Francisco that we would have made it a better one. It restores Japanese sovereignty, but that sovereignty will be confined to the four main islands of the Japanese empire. It places no restrictions on Japan's economy or on Japan's ability to defend itself. Most important of all, the treaty sets Japan free to pursue a peaceful destiny, as we all must hope, and gives her an opportunity to contribute to the security and stability of the whole Pacific area.

The treaty was negotiated, as I explained last October, through diplomatic channels rather than through the more normal conference procedure. That was unusual procedure admittedly, but it was one which was made necessary by the circumstances. As early as 1947, the United States government had proposed to its allies a conference for the signing of the Japanese peace treaty in the usual way. This procedure was impossible because of the attitude taken at that time

and subsequently by the Soviet union, which insisted that any such treaty should be negotiated not by a conference where all those who participated in the war against Japan would be present, but in the presence of the council of foreign ministers which would have given the U.S.S.R. and other members of the council a veto.

To avoid this procedure and the use of the veto in this connection, in September 1950 I believe it was the President of the United States initiated diplomatic discussions with the other countries represented on the Far Eastern commission with a view to negotiation by such discussion of a treaty, the final text of which we have before us today. The Canadian government participated in those discussions and was given ample opportunity to express its opinions on the various drafts as they were presented. These opinions of ours were not always accepted, Mr. Speaker, but the text which we have before us now does not represent the complete views of any one country which participated in those discussions, and is essentially a compromise document.

The Soviet union was kept fully informed of these discussions while they took place, but contributed little to them except abuse. When the conference was called in San Francisco to put the finishing touches on this process, not to negotiate a treaty but to sign one and go over the text of the draft which we have before us, the Soviet union and its satellite states were represented. As hon. members know, they refused, as indeed some other countries refused, to sign the draft.

The territorial adjustments are outlined in the treaty. The Potsdam proclamation of the treaty of peace Japan undertook to—surrender of Japan, provided that Japanese sovereignty would be limited to the four major islands and such minor islands as the allied powers would determine. Chapter II of the peace treaty carries out those surrender terms. Japan renounces all rights, title and claim to Korea, Formosa, the Pescadores, the Kurile Islands and South Sakhalin. In addition, she renounces any rights she had with respect to the islands which she held under the terms of a league of nations mandate. Under article 3 of the treaty Japan retains residual sovereignty in the Ryukyu islands and other islands to the south and southeast of Japan which were after the surrender of Japan under United States administration. Japan has agreed to concur in any proposal to place those islands under United Nations trusteeship, with the United States as the administering authority.

It might have been better, and it certainly would have been neater, if the final disposition of the former Japanese territories had been defined precisely in the treaty, but it was not possible for the allied powers to reach agreement on this score. It was decided, therefore, in order that the peace treaty should not be further delayed, to have Japan simply renounce her rights in these territories, as she was required to do, and to leave to future international agreement the final disposition of the territories in question—including, incidentally, Formosa.

In addition to our general Canadian interest in a peace settlement which would return Japan to normal and friendly relations with the free world, Canada had certain special concerns which were made known at every stage of the negotiations and indeed at San Francisco itself. My colleague the Minister of Fisheries (Mr. Mayhew), who was with me at the San Francisco conference, gave the house a full account on March 11 last of the—as we think it to be—successful agreement on North Pacific fisheries which was reached with Japan and the United States in December of last year. Under article 9 of the treaty of peace Japan undertook to—

> . . . enter promptly into negotiations with the Allied Powers so desiring for the conclusion of bilateral and multilateral agreements providing for the regulation or limitation of fishing and the conservation and development of fisheries on the high seas.

The promptness with which Japan entered into these negotiations is, I think, an encouraging evidence of Japan's interest in living up to the trust which has been placed in her by this treaty of peace. I think it is also a good sign for future Canadian-Japanese relations which will be entering a new chapter when this treaty is ratified.

I do not intend to go into the substance of this convention since the house has already been given the details concerning it by my colleague the Minister of Fisheries. I would remind the house, however, that until the peace treaty comes into effect Japan will not be in a position to sign the fisheries convention. We can, therefore, by ratifying the peace treaty, assist in enabling Japan to sign and ratify this important convention.

A further question in which Canada was especially interested was that of Japan's undertaking with respect to commercial practices and agreements. I made clear the views of the Canadian government on this important matter in my statement in San Francisco. Possibly it would be desirable if

I now put on the record what I then said. At the San Francisco conference I said:

> Japan agrees in the treaty to conform to internationally accepted fair trade practices. It is the confident hope of my government that Japan, in the future conduct of its commercial relations with other countries, will avoid certain pre-war practices which were widely condemned at that time by other trading nations. Canada has no wish to see any discrimination against or any unnecessary obstacles to normal Japanese trade. On the contrary, as a trading nation ourselves we wish to see Japan develop its full trading possibilities. It is only common sense for us to wish for a prosperous rather than a poor Japan. Such prosperity, however, can never, in the long run, be established or even assisted by trading practices considered unfair by other countries and against which those countries have no alternative but to protect themselves if unhappily they should be adopted.

The peace treaty itself, as hon. members no doubt know, is not designed to settle questions of commercial policy but leaves this policy to be decided by the individual signatories of the treaty and Japan. Canadian attitudes and Canadian policy with respect to future commercial relations with Japan will, to a large extent, be influenced by whether or not Japan adheres to the declaration made in the preamble to the treaty of her intention, and I quote from that preamble:

> . . . in public and private trade and commerce to conform to internationally accepted fair practices.

Another important section of the treaty deals with reparations. Critics of the treaty of peace in some countries have concentrated their attentions on the reparations clauses which represent an attempt to make this treaty an important step toward breaking the vicious cycle of "war-victory-peace-war". The allied powers recognize in the treaty that Japan should in principle pay reparations for the devastation and suffering she caused during the war. They recognize in addition, however, that Japan lacks the physical capacity to recompense her former victims if at the same time she is to achieve a viable economy and contribute to the economic health of the Pacific area. For certain nations represented at San Francisco who had not only lost property valued in billions of dollars but also countless lives, as a result of Japan's military activities, the very limited reparations clauses could not but appear unsatisfactory. For others it was easier to understand that the exaction of even just reparations might impose such an economic burden on the defeated state as to vitiate the objectives of the treaty as a whole.

In the treaty Japan undertook to compensate those allied powers whose territories she had occupied, and I quote from article 14 of the treaty:

> . . . by making available the services of the Japanese people in production, salvaging and other work.

Negotiations are already under way at the present time on this matter between Japan and Indonesia and Japan and the Philippines. Japan further agreed in the treaty to make available certain of her assets to indemnify members of the allied forces who had suffered undue hardships while prisoners of war of Japan. This matter is covered in article 16. The details of this scheme are at the present time being worked out between the allied governments concerned and the international committee of the Red Cross which is to be responsible for the distribution of the funds in question.

Finally, the treaty provides that Japan shall return all allied property which she held during the war years upon application to be made within nine months of the coming into force of the treaty.

A highly important section of the treaty deals with security. Under article 5 of the treaty Japan undertakes to settle its international disputes by peaceful means, to refrain in its international relations from the threat or the use of force and to give the United Nations every assistance in action taken in accordance with the charter. In return, the allied powers recognize Japan's sovereign right of individual or collective self-defence.

Article 6 provides for the termination of the occupation not later than 90 days after the treaty comes into force. However, it is stated explicitly in the treaty that there is nothing in this provision to prevent the stationing or retention of foreign armed forces in Japan under the terms of any agreement made between Japan and one or more of the allied powers. The peace treaty simply recognizes for Japan the principle which article 51 of the charter of the United Nations recognizes for all sovereign states. Hence, on the very day of the signature of the peace treaty, a security treaty between the United States and Japan was signed under the terms of which Japan granted to the United States the right, upon the coming into force of the treaty of peace, to dispose United States land, air and sea forces in and about Japan. That is an exceedingly important provision. These forces are to be utilized to contribute to the maintenance of international peace and security in the Far East and indeed to the security of Japan itself against an armed attack. A United States-Japan administrative agreement implementing this security treaty was signed last month in Tokyo.

I believe the Japanese people are now aware of the tragic folly of aggressive war and that they would resist any attempt on the part of their leaders to follow the paths of conquest which they travelled in the thirties and in the early forties. In addition,

Japan is not now physically capable of following such a course; she has lost much of her former empire with all the raw materials it provided, her armed forces were completely demobilized during the occupation and her stockpiles of munitions were destroyed.

The way for the revival of aggressive militarism in Japan is not now, nor I hope will it be in the future, easy or open. It must be our hope that Japan will see the advantages to be gained from association with the free world and will co-operate in the collective defence arrangements already in being so as to contribute to the stability of that important area of the world.

Nevertheless, just as is the case with Germany in Europe, so we must at times worry about the emergence again in the Pacific of this great and powerful people, whose capacity for good can be great but whose capacity for harm, in the past, has also been great.

I have dealt only briefly with the most important provisions of the treaty, and I have not even attempted to consider some of its articles. Many of these articles provide for the necessary legal termination of the state of war which existed between Japan and the allied powers. I again commend the treaty and its attached documents to the approval of the house as a good treaty, and as an attempt to mark the end of the method of peace-making which has imposed rigid controls and galling restrictions, only to court evasion and eventual disregard.

The Japanese have, I think, in almost seven years of undisturbed occupation earned the right to have their freedom. The allied powers can at least hope by generosity to exchange a former enemy for a friend, in an area torn by strife and aggression at the present time, a friend with a proven ability which can be turned to the benefit of the Pacific area as a whole.

Mr. Gordon Graydon (Peel): Mr. Speaker, in following the Secretary of State for External Affairs (Mr. Pearson) perhaps I shall be somewhat more expansive. However, at the beginning may I indicate to the house that the official opposition, for which at the moment I am spokesman in the debate, endorses and approves the resolution moved by the minister.

This peace treaty is perhaps the most unique of its kind in the whole of diplomatic history. It is unique, so far as its methods, procedures and negotiations are concerned. In addition to that it is unique in its constructiveness and in its lack of severe penalties inflicted upon a vanquished nation.

I was struck by the closing observations at the San Francisco meeting by the presidential representative, who had so much to do with the negotiation of the treaty itself. I refer to Mr. John Foster Dulles. I think his words, as reported from the conference, deserve to be placed on the records of this House of Commons. He indicated that this was a question of a good peace now or a better peace never, and went on to say this:

> It contains no doubt imperfections. No one is completely satisfied. But it is a good treaty. It does not contain the seeds of another war. It is truly a treaty of peace.

And at another point in his address he said this:

> This treaty is good to the point where it cannot be made better without its becoming worse. Better words might theoretically be found; but to seek these is to let escape what is now within our grasp. There come times when to seek the perfect is to lose the good. This is such a time.
>
> It was our common hope that out of the fiery purge of war there would rise a new Japan. That was no foolish hope. Japan has a great culture and tradition which are capable of producing distinctively, but no less authentically, those virtues which all nations and peoples must possess if there is to be a world-wide commonwealth of peace.
>
> In order, however, that that potentiality shall become actuality, Japan needs free political institutions in a climate conducive to their vigorous growth; social progress; an equal administration of justice; an awareness of human dignity; a sense of self-respect, of respect for others. Above all Japan needs the will to live at peace with others as good neighbours.
>
> All this is possible, if we make peace now. It becomes impossible, or at best improbable, if Japan's long deferred hopes are now blasted.
>
> There are, in Japan, new-born institutions of freedom. They will not flourish if military rule continues indefinitely to be supreme.
>
> The United States, which since the surrender has directed occupation on behalf of all the allies, says solemnly to each of the allies: unless you now give Japan peace and freedom on such honourable terms as have been negotiated, the situation will rapidly deteriorate.
>
> It is time to end the subjection of the Japanese government to allied command. It is time to end the occupation and to recognize that, henceforth, it is the Japanese people who exercise complete sovereignty in Japan. It is time to welcome Japan as an equal and honourable member of the family of nations. That is what the pending treaty will do.

It is on that general basis that this parliament may be expected to support the resolution now moved by the minister. When I am developing that point I should like to pay tribute to the work done by the presidential representative on that occasion, Mr. John Foster Dulles. It was a painstaking, it was a tedious, and I have no doubt at times it was a disappointing task. But his perseverance, his resolution and his determination to see that there was a peace treaty for Japan never ended, with the result that one of the newspapers in another country said that his success in connection with the Japanese peace

treaty was a feather in the somewhat battered cap of American diplomacy and American leadership during these years.

That is not necessarily in all its terms a reflection of my thought with respect to American diplomacy and leadership. But I wish to indicate at least that Mr. Dulles' position is, I believe, appreciated by the free world on this occasion.

I wish if I may to mention another personality, and I hope that in doing so I shall not be accused of entering into the general election campaign in the United States. Our own campaigns are difficult enough without taking on the task in another land. But I do want to mention General MacArthur. Whatever one may think of his military or political judgment in fields other than the occupation of Japan, I think we must admit, and freely admit, that General MacArthur did a statesmanlike job with respect to his occupation duties in Japan from the end of the war until he was released from his duties. One of the most orderly and normal transitions from war to peace occurred during that period. It was I think an indication of where we could properly apply and did apply reason instead of revenge in our dealings with those who were the losers in a world war.

I think some of the things which he instituted have had a great deal to do perhaps with the present success of our friendly relations with Japan so far as the free powers of the world go. I need only to mention one or two in order to indicate what was done. There was the destruction of the power of the war lords and those politicians in Japan who had been responsible for the war itself; there was the breaking up of the family cartel system; a measure of land reform was introduced; female suffrage was granted for the first time; and in addition there was the breaking up of the insidious relationship between the government and shintoism. It was a sound bit of statesmanship and I think whatever may be said about General MacArthur in other fields he deserves credit for the kind of leadership that he gave in a very difficult and critical time in the relations of other free nations with the nation known as Japan.

I want to make reference if I may to what I think is our outmoded system of dealing with treaties such as this. I think our system borders on being a relic of yesterday. I do not think we should be handling a treaty like this one in the way we are, to have it appear simply as a government notice of motion on the order paper without the opportunity to discuss it fully even in committee of the whole house and the minister being able to answer questions only when he finishes the debate. I do not think that is good enough so far as our parliamentary procedure is concerned.

I am not critical in any way of the minister because after all he is simply following the dictates of our parliamentary procedure. We have in this treaty twenty-one pages of fairly closely written clauses, dozens of documents are cited and there are nine complicated protocols and conventions in the declaration alone which none of us have so far seen. In addition to that, several departments of government are involved.

When we have no machinery for dealing with it in committee of the whole I would be quite satisfied to have it dealt with in the standing committee on external affairs. I am supported in that by the fact that in our own Senate they have endorsed the principle of the resolution, as I am endorsing the principle this evening, and when they return somewhere around the end of April or the first of May they will proceed to deal with the treaty clause by clause in their foreign relations committee.

I notice that in Great Britain they deal with these things differently from what we do. I am not so sure that we should not follow Great Britain in dealing with treaties of this kind. There the treaty is brought forward in the form of a bill which is given first reading, second reading, considered in committee and then given third reading. It then goes on to the House of Lords. I read with a good deal of interest what was said on this treaty both on the second reading stage and during the committee stage. It received careful examination and I felt that those who took part in the debate had an exceptional knowledge of the situation as it existed.

Mr. Pearson: May I interrupt the hon. gentleman to inform him that a bill will be introduced in this house to give the government power to carry out the provisions of this treaty after it is ratified, just as was done with the Italian peace treaty.

Mr. Graydon: I am glad to have the minister's explanation on that. My point is that this resolution ought to go to the external affairs committee. It seems to me that before we endorse a treaty of this kind the fullest information ought to be available to the members and to the house. I do not think there is any desire on the part of anyone to place any obstacles in the way of the passage of this commendable treaty, but I do urge that this matter be sent to the external affairs committee before the bill is introduced.

I was interested in reading the debates which took place in the foreign relations committee of the Senate of the United States and also in the Senate itself. Perhaps this is a most appropriate time to mention this

as we have just had a budget speech and there are signs of fatigue on every side of the house. When the Senate of the United States dealt with the Japanese treaty it was found that they did not have a quorum of senators. I think that indicates that so far as our national boundaries are concerned there is not such a great difference. The minister has hinted at some urgency in connection with this matter. I would point out that the sixth nation out of the eleven which is necessary to give a majority to provide for the implementation of the treaty was Pakistan. I understand that just a couple of days ago Pakistan approved and ratified the treaty with Japan. I should be glad to go further in my argument to have this referred to the standing committee on external affairs, but perhaps that will not be necessary.

As I see it, there are many questions in the public mind in connection with this treaty that will have to be answered. There is the question of trade, the question of commercial practices, the question of fishery rights, the question of reparations, the question of maritime enterprise, the question of immigration and other questions affecting the social and economic as well as the diplomatic side of the treaty. Some of these matters are extremely delicate in their complexion and design. I am going to leave that suggestion with the minister as it stands in the hope he will accept it. I think he will find there is no delay of a dangerous character involved because the Senate does not come back until the first of May anyway and they will only start to deal with the question at that time.

Following the minister's remarks with respect to the treaty itself in which he said that it did mark the formal conclusion of the state of war, it is also, if I may say so, a step in the right direction of rebuilding the stability and security of the Pacific area. If there is any area at the moment outside of Europe itself that needs attention with respect to rebuilding and security it is that very area. It was pointed out in the British house by Kenneth Younger, M.P., formerly minister of state in the Attlee government, that Japan was in the very nest of problems because there was great communist China on one side, Soviet Russia on the other, and Japan herself, all three at the one time major powers. In addition to that there is the legitimate interest of Britain and the United States and other powers in that very locality. Japan is in a sense sitting on almost the powder keg of the world. I have no doubt that is one of the reasons why this treaty is so unique in its provisions so far as leniency to the Japanese government and Japanese people is concerned.

I think one of the things one gathers from a reading of the treaty is that in a sense it serves as a base from which to approach the wider area of issues because we must not make the mistake of thinking that the treaty by any means settles all the issues either surrounding Japan or in Japan itself. It only takes a step towards solution of them, and Japan's relations with the free world on many fronts remain unsettled and undefined. But it does point the way to such settlement, and half a loaf of course is sometimes better than none. Giving Japan her sovereignty and admitting her into what we think is respectable international society has involved risks. Those risks of course belong to the military, economic and other fields, but on the other hand we had to take some calculated risks in connection with this matter.

One of the things that struck me most was the attitude of the Australian government. The Australian government has interests in that area that perhaps we do not have in quite the same measure. I do not mean to convey that our interests are not of a very important character too but Australia came within an ace of being occupied by the Japanese forces. In reviewing the Japanese treaty the prime minister of Australia, Mr. Menzies, says something which I think is significant. He has this to say:

> . . . it is simple to understand that the instinctive reaction of Australia to any proposal for a Japanese peace settlement is, "Keep them down! Don't let them rearm! Don't trust them!" It is true that history proves that such reactions are ephemeral and sometimes dangerous. But we are not living in a world of historians; we are living in a world of men and women, of widowed wives and bereaved mothers; a world tenaciously attached to a justice which precedes mercy, though it may be tempered by it . . . The United States and the United Kingdom, the two principal free nations, made it clear that they were not prepared to prohibit a substantial measure of Japanese rearmament. And if these great powers were not willing to prohibit, and to enforce that prohibition by supervision and occupation if necessary, how could Australia by herself make a prohibition effective? To that question there was, and is, no real answer.

Then he goes on to say:

> Japan is destined once more, and very rapidly to be a great industrial power. To prohibit this successfully would be to condemn the most virile people in East Asia to poverty, misery and revolution. No greater threat to Asiatic peace could be imagined. To prohibit it unsuccessfully would be to make the worst of both worlds, for power and hatred would be renewed together. Japan will again become a great industrial power more rapidly than she can become a military power; in her case the one depends so much upon the other. But during the intervening period an undefended Japan would be a constant temptation and an easy prey for the territorial imperialism of the communists. We must not forget that one of the checks upon aggression today is the fact that, with western Germany and Japan outside the Soviet orbit, the balance of heavy industrial production weighs down heavily in favour of the free world. Japan must therefore be defended. By whom? Putting aside the question of how far and

how long any democracy will be prepared to maintain an army of occupation in a defeated country, a question full of not only economic but psychological and moral considerations, let me look once more at the pure sentiment of it. Armies of occupation in Japan must, having regard to the communist threat, have two functions. One is to keep the peace in Japan against the Japanese. So far our feelings are satisfied. But the other function must be to defend Japan against an external attacker. It would come as a shock to most Australians to be told that as a punishment for the Japanese, Australian troops were in future to defend Japan while the Japanese themselves went smiling and bowing about their affairs of production and commerce. . . The case for a measure of Japanese rearmament is thus complete unless the great powers, that is, the United States and the United Kingdom, are able and willing to do on the grand scale what I am sure Australia would not want to do for any length of time on the small scale.

Then he goes on further to say:

. . . we should be foolish to force a hard and bitter peace upon Japan because we feared that in fifteen or twenty years' time Japan might once more become an aggressor, when the real and deadly and present question is whether, inside the next two years, we shall between us be strong enough to resist, and therefore deter, a vast communist aggression against one manifestation of which we are actually now fighting in Korea. If the United States, with its tremendous world responsibility and its magnificent and unprecedented preparation to discharge it, chooses to see Japan not as a possible future danger but as a present and important factor in world defensive strategy against communism, who can with confidence gamble upon the future course of history and say that it is wrong? And in any case, the United States is taking its risk prudently. Pursuant to article 6 of the treaty the United States is entering into a defensive pact with Japan. Thus, by a double stroke, Japan is made a co-operator in the short-range defence problem and a potential friend in the long run. There are, of course, many people who feel that the Japanese people have, by the joint effects of defeat and occupation, "suffered a sea change" into democracy. I do not believe this for a moment. Democracy is a growth from the soil; it is never imposed from without. Witness the easy and swift collapse of parliamentary self-government in Germany and Italy. It needs a tree with deep roots in a deep soil to withstand the winter gales of tyranny. The real question is not whether Japan has already become democratic (a notion which I frankly do not believe), but whether, to quote the recent words of my colleague, Mr. R. G. Casey, "to permit the Japanese people to recover their self-respect and some measure of economic independence offers the best means of promoting the growth of a workable democracy in Japan."

Then Mr. Menzies goes on:

It is my own deep belief that, though slavery is the breeding ground of revolution, only freedom and free men can bring forth democracy.

Coming from the head of the state which perhaps has more reason to be nervous because of the resurgence of Japan as a great power than almost any other country in the free world, I think that at least gives some indication how far nations are prepared to go in endorsing this plan for dealing with Japan.

[Mr. Graydon.]

I suggest to you, Mr. Speaker, that the question to be asked concerning this treaty, which is sometimes described as the softest in the diplomatic history of the world, is simple; and we are giving it a simple answer. The question is, do we want and do we need 83 million Japanese people with us in our efforts to keep the world free and at peace? The answer we are giving is shown by our approval of the resolution now before the house. That answer is yes, as far as the people of Canada are concerned. This treaty will give Japan a chance, by entering into an alliance with the free nations of the world, to link her power in the Orient with that of the United Kingdom, the United States and other countries. I am satisfied, as I am sure the Japanese people are satisfied, that her future is better with us than it would be if she were absorbed into the net of Russian imperialism. If Japan behaves herself in the free world society she has an opportunity to again become a great leader in the Orient. With the soviet it would be a different proposition. Many reasons could be advanced as to why Japan would throw in her lot with us rather than with the soviet regime, to be interlocked and interwoven with that extensive international mechanism known as imperial communism. There she would lose not only her identity and her opportunity to become a great power again; she would also lose her internal relationship with her emperor, which to the Japanese people is still a very important consideration.

As the minister indicated a few moments ago, many of the United States forces will be remaining in Japan, not as occupation forces but under the terms of the security treaty which has been entered into between the United States and Japan. I think this has a bearing on one of the things some of us on this side of the house have been arguing for, without very much effect as yet though I am hoping the day will come when we will be able to tell the minister we are glad he has accepted our suggestion. I refer to the question of a Pacific pact. I am sure the minister must be thinking, "I have answered that fellow so often, surely he must be convinced by now that we cannot do anything about it at this stage." Nevertheless I mention the matter again because I think we have a further argument now by virtue of entering into the Japanese treaty. We cannot go on forever in the Pacific having all these pacts and alliances, without having some kind of master pact to combine them all. We now have a pact between the United States and Australia and New Zealand. We have a pact between United States and Japan, and we have a pact between the United States and the Philippines. These all being mutual

security pacts, it seems to me the time is coming when we must have an over-all plan. I think I may interpret the words of Mr. Dean Acheson, Secretary of State for the United States, in that way when he appeared before the senate foreign relations committee during the debate two months ago. This was the only statement made by Mr. Acheson, I think, which has any relation to the problem I am discussing. This is what he said:

> The ratification of these treaties would give courage and hope to millions of people in the Pacific area, whose primary desire is to live at peace with their neighbours. It is our hope that these treaties will serve as a point of departure for the development of an effective system of regional security in the Pacific.

You will note the words "serve as a point of departure"; and with that I rest my case again. I am sure if the minister moves from his present rather static position with respect to the Pacific pact, he will find himself once more in the company of a man in whose company he finds himself perhaps more often than any other diplomat in the world. I am hoping he will follow some of these men who are more experienced than the parliamentary assistant to the Minister of Finance (Mr. Sinclair) who during a debate in this house some weeks ago chided the party I represent for advocating such expensive things as the Pacific pact. That was the first time anyone on the government side said it was money that was behind our delay, our reluctance, our refusal to join a Pacific pact. So I hope the minister will take to heart what has been said by a man whom I consider to be rather more experienced in foreign affairs than the hon. member for Coast-Capilano.

A glance at the map of this area will show the great problems which arise from a geographical point of view. There are four islands, Hokkaido to the north, Honshu to the south, Shikoku and Kyushu. I hope I am pronouncing them properly. The minister has not corrected me, so perhaps he does not know any more about it than I do. It is interesting to note that between the northern island of Hokkaido and Russian occupied island of Sakhalin there is a strait only some 60 or 75 miles wide. There is only 200 miles between Honshu and Korea, which indicates that Japan is in the very centre of trouble. She is a close neighbour of red China and also a close neighbour of soviet Russia, and all the time needing raw materials and markets. Those of us who have watched the progress of the Moscow trade conference during the last day or so will recognize, of course, that on the trade front the soviet are again attempting to make a dent in our flank. No doubt they are not overlooking in that meeting the problems which face Japan economically. Not only are they attempting to call a bluff on Japan so far as trade is concerned, but also to sabotage by a movement through the northern island of Hokkaido, which has its origin in Sakhalin to the north. In addition to that, at the moment Japan faces a need for food, for iron, for coking coal and for raw materials for the textile industry. As one member in the British house said, Japan is the only oriental country that has actually measured up to the western world in so far as both technology and production are concerned.

In the past one of Japan's problems has been to try to find the raw materials for 83 million people who are engaged in such extensive and intensive production. This problem got her into trouble before. During the depression Japan's trade practices were largely criticized from one end of the world to the other. She found herself in a very tight corner with respect to these markets and raw materials. One of the problems we shall have to face I think is this. If Japan gets into a tight corner economically, the soviets will take advantage of the situation at every turn. Already the soviets have offered coal to Japan for a third of the price at which it can be delivered from the United States. I believe that is an indication of what Japan, and incidentally this country, have before us by way of problems in the Far East.

In addition to that, of course, the pressure to recognize and deal with red China is great. Some time ago Premier Yoshida of Japan indicated his close attraction for the government on Formosa in contrast to that of red China. Nevertheless, it was not long ago, perhaps a year ago, that the same premier made a statement which I think is evidence of the danger that faces us in that area. He said:

> Red or white, China remains our next door neighbour—economical law will, I believe, prevail in the long run over ideological differences.

I had intended going somewhat further afield in connection with my argument concerning the treaty, but the time is getting late. I am going to close by leaving out the matter of Japan's problem with communism in that area. It is an interesting story, but it is a story that perhaps can be told on another occasion. One of the things we ought to consider very carefully is that Japan is going to need help, and she is going to need understanding from the other sections of the free world in order to restore her position and to permanently retain it. Whatever we may do by way of this treaty of peace, it still remains an uneasy peace for Japan. It is our obligation, it is our duty to do our best to make that peace as firm a peace for the Japanese people as we can.

The admission of Japan into free world circles poses hard-cored problems for Canada.

The minister mentioned two of them. Apparently the problem of fisheries has been reasonably well solved, according to the minister, but naturally one would like to examine more closely what that convention actually includes. I intended to put on the record tonight the story of the imports and exports so far as Japan and Canada were concerned both in 1938-39 and since the war. I believe it would show that the balance generally has been in our favour, which indicates I think that in most instances trade with Japan on a normal, proper and fair basis cannot do this country any harm and will do the Japanese economy a great deal of good. I believe our job will be to find a solution to the problem of preventing Japan from being thrown, economically and commercially, into the hands of communists. At the same time we must maintain our position with respect to trade so that our standard of living and the working people of Canada are protected. I am satisfied a solution of that problem can be arrived at without attempting in any way to throttle the economy of Japan. I believe that we can get together and, without harm to our own industries here, find a large field of trade upon which to draw in order to keep Japan free, even in that disturbed area.

One of the main problems is, of course, in connection with the arbitrary clause in our Customs Act respecting dumping. If Japan becomes a member of the Geneva agreement on trade and tariffs, that section may be put in jeopardy again. I am satisfied these are matters that can be solved, and I am not raising them except to indicate the serious problems that are ahead of us. For many long years the United Kingdom and Japan were faithful allies. Prior to the early twenties their friendship and ours was almost traditional. Today we are witnessing the restoration of that international bond of mutual understanding between the free world and Japan. All I can say, Mr. Speaker, is: May it usher in a new and more constructively peaceful era in our Pacific relations.

On motion of Mr. Coldwell the debate was adjourned.

HOUSE OF COMMONS

APPOINTMENT OF COMMITTEE TO STUDY PROCEDURE

Hon. Alphonse Fournier (Minister of Public Works): Mr. Speaker, I have spoken to the leaders of the other parties and by leave of the house I move:

That the select committee to consider with Mr. Speaker the procedure of this house, provided by resolution of April 7, consist of: Messrs. Bradette, Brooks, Fleming, Fournier (Hull), Fulton, Harris (Grey-Bruce), Knowles, MacNaught, Pouliot, Quelch and Weir.

Motion agreed to.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we shall continue this debate, and I understand there are not many speakers. Then, if the house would agree, we would take up the resolution which the Prime Minister put on *Votes and Proceedings* today concerning the readjustment of representation in the House of Commons. If that did not meet the wishes of the members, though I spoke to the whip of the opposition and he had no objection to that procedure, we could listen to speeches for a certain time and if a member wanted to adjourn the debate we would not object. Then, we would take up a small bill, the appointment of the auditors for the national railways, and resolutions Nos. 7 and 13 on today's order paper. Those would just lead up to the bills. If we had more time, we would find some non-contentious matters.

Mr. Coldwell: I do not think there is any objection to going on with redistribution, provided it is adjourned. There are so many members who are interested in this subject from various parts of the country who have left to go long distances home that I feel if the resolution is explained and, without further debate, is adjourned it would meet the desires and convenience of those members. We can proceed that way.

Mr. Drew: I would not want to give any undertaking that the debate would be immediately adjourned. I agree with the procedure outlined by the Minister of Public Works, but I think we can deal with that when we come to it.

Mr. Coldwell: I do not think we should attempt in any way to conclude it.

Mr. Drew: I agree with that.

Mr. Speaker: Do I understand that there is unanimous consent to proceeding tomorrow with the notice of motion of the Prime Minister (Mr. St. Laurent), which will be in *Votes and Proceedings* but will not appear on the orders of the day. Is that the unanimous wish of the house?

Some hon. Members: Agreed.

Mr. Fournier (Hull): That order of business would come after this actual debate. The debate on the Japanese treaty would have priority.

Mr. Coldwell: Yes.

Mr. Speaker: Is that agreed?

Some hon. Members: Agreed.

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

BUDGET PAPERS

presented by

the Honourable D. C. Abbott, M.P.,

for the information of Parliament

in connection with the Budget of 1952-53

BUDGET PAPERS

presented by

the Honourable E. C. Abbott, M.P.,

to the Session of Parliament

in connection with the Budget of 1932-33

FOREWORD

The purpose of these Papers is twofold:

1. to present a general economic review of 1951, bringing together in one place and in convenient form some of the more comprehensive indicators of economic conditions prepared by the Dominion Bureau of Statistics and other Government Agencies, together with brief comments;

2. to present a preliminary review of the Government accounts for the fiscal year ending March 31, 1952.

PART I

ECONOMIC REVIEW OF 1951

Page

1. General Review..... 1311

2. National Accounts—
   - National Income, Product and Expenditure..... 1314
   - Personal Income and its Disposition..... 1317
   - Source and Disposition of Saving..... 1319
   - Investment and Capital Expenditure..... 1322
   - Revenue and Expenditure of All Governments..... 1325

3. Balance of International Payments..... 1330

4. Employment and Earnings..... 1333

5. Trend of Prices..... 1335

The tables in this Budget Paper are based upon estimates provided by the Dominion Bureau of Statistics and other Government Departments. Some of the figures appear for the first time; others have been published elsewhere. All 1951 estimates are preliminary and subject to revision.

Figures for Canada include Newfoundland for 1949, 1950 and 1951.

GENERAL REVIEW

The first part of 1951 was dominated by strong inflationary pressures, but as the year progressed these became somewhat less severe. The underlying inflationary potential is still high but for the time being, at least, it appears to be under control.

A brief review of the post-war years will put our present problems in perspective. The years 1946 to 1948 were a period of transition from war to peace. This transition was achieved more smoothly and with rather less disturbance than many Canadians had feared. In Canada, as in other countries, we experienced in this period a greater rise in prices than had been expected, but the redeployment of labour from the armed services and the war industries to the tasks of peace was accomplished with far less unemployment and industrial dislocation than most people had dared to hope.

By mid-1948 the reconversion of industry and the redeployment of labour had been largely completed, and for nearly two years, from the summer of 1948 to the late spring of 1950 Canada enjoyed a period of relative economic equilibrium at high levels of employment and income. Price levels remained stable and employment remained high, and not even the sharp United States recession of 1949 nor the devaluation crisis in September of that year seriously disturbed the balance of the Canadian economy.

The spring of 1950 saw the beginning of what seemed to be a new sustained upswing in Canadian economic activity, sparked by a rapid acceleration in the discovery and development of natural resources and re-enforced by the quick rebound in the United States from its recession of the previous summer. Even before the outbreak of hostilities in Korea, 1950 showed signs of developing a situation in which our resources would be fully extended in meeting the programmes of peaceful economic expansion which the Canadian people had set for themselves.

The Korean aggression, with the grave threats it exposed and the serious alarms it engendered, initiated a scramble for inventories all over the world. The world market prices of many staple raw materials—wool, tin, rubber, copper, lead, zinc, oils and fats, hides, cotton and chemicals—rose sharply, and within six months had gone up as much as 50, 100 and even 200 per cent.

The first phase of this new inflationary cycle was largely psychological, stemming as it did from a fear of shortages and higher prices and a consequent scramble for inventories and replacements. Consumers participated in this scramble, particularly in the field of cars and household equipment and appliances. But the real inflationary force created by Korea flowed fundamentally from the necessity and determination throughout the Western world to carry through a speedy and a heavy defensive rearmament programme. The magnitude of the defence programme adopted was clearly one that could not be inserted into an already fully extended economy. To accomplish this defence programme in the time allotted it was necessary simultaneously to restrain consumption, encourage savings, increase productive efficiency and capacity, forego less essential forms of capital expansion, and divert labour and materials to defence and to defence supporting industries.

In a free democratic country governments do not dictate the course of economic affairs, but governments can and should follow policies which guide or steer the economy in the right direction. The general import of government policies should contribute toward restraint where restraint is needed and toward expansion where expansion is needed.

Federal financial and economic policies have been designed to these ends. Consumer spending has been restrained by means of higher personal taxes and higher commodity taxes, especially on commodities that make heavy demands upon critical materials or other critical resources. Monetary policy has been such as to discourage the expansion of credit generally and consumer spending has also been restrained by the Consumer Credit Regulations. Greater savings have been encouraged directly through the more attractive terms of the sixth series of Canada Savings Bonds, as well as by the restraints on spending and by the increase in interest rates generally which has resulted from the rising demand for loan funds in the face of a limited supply.

Capital expansion in the form of new plant and equipment has been restricted in the case of projects which are less essential in the context of present conditions and encouraged in the case of projects related to the broad needs of defence. This selective approach has been made both through the priorities and allocations policies administered by the Department of Defence Production and through the operations of the "deferred depreciation" regulations administered by the Department of Trade and Commerce. In a limited number of cases essential expansion in defence industries has been facilitated by the granting of accelerated depreciation on specialized new plant and equipment, or by direct capital assistance with government funds.

The greater difficulty of borrowing and the higher level of interest rates generally have had a moderating influence on investment in new capital projects, particularly marginal projects, and on investment in investments.

The following table summarizes some of the more significant monetary and credit statistics in recent years:

—	Money Supply (Currency outside banks plus active bank deposits)	Bank Loans plus banks' investments in non-gov't securities	Consumer Credit Outstanding	Long term interest rate (Theoretical yield of a gov't 15 year bond)
	(millions)	(millions)	(millions)	(per cent)
1948 December	$4,335	$3,341	$ 748	2·93
1949 December	4,422	3,419	892	2·75
1950 March	4,446	3,437	859	2·73
June	4,525	3,559	959	2·73
September	4,919	3,618	1,042	2·71
December	4,851	3,950	1,135	2·99
1951 March	4,669	4,101	1,097	3·25
June	4,750	4,133	1,107	3·25
September	4,765	4,112	1,068	3·24
December	4,843	4,085	1,090	3·50
1952 January	4,697	3,984	.....	3·54
February	4,730	3,930	.....	3·55

It will be observed that total money supply and bank loans, after a sharp rise in 1950, have levelled off or declined slightly during 1951, and this trend has been continued into the opening months of 1952. Consumer credit outstanding, which had increased by nearly 30 per cent in 1950, declined by about 4 per cent during 1951. Long term interest rates during the past 18 months have advanced about three-quarters of one per cent.

The following table relating to capital investment in business illustrates the degree to which less essential investment has been restrained and the more essential encouraged.

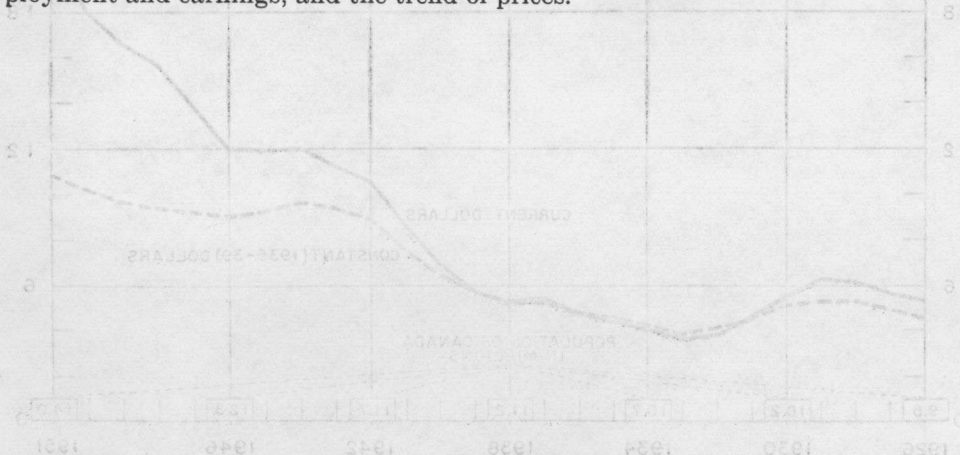
—	1950	1951	1952 Intentions	Percentage change from 1950	
				1951	1952
	(millions of dollars)				
Primary and construction industries	$ 697	$ 853	$ 859	+22	+23
Manufacturing	511	755	929	+48	+82
Utilities	720	916	1,130	+27	+57
Trade, finance and commercial	397	396	309	—	−22
Total	$2,325	$2,920	$3,227	+26	+39

The Department of Trade and Commerce has further estimated that investment intentions for 1952 in the case of industries fully subject to "deferred depreciation" are 17 per cent below 1951, while in the case of industries eligible for normal depreciation they are 15 per cent higher.

The general economic position in the opening months of 1952 is that the inflationary pressures have been brought under control, but that at many points in the economy a strong inflationary potential still exists. Any series of adverse events which sharply raised the present international tensions could bring about a renewal of direct inflationary pressures that might seriously test our economic defences. But at the moment the prospects for 1952 indicate continued high levels of employment and general business activity, without any renewal of overt inflation, and with most of the increased output occurring in the defence and defence supporting sections of the economy.

The inflationary pressures that persist are not evenly distributed through the economy. At some points and in some regions the economy is likely to be fully or more than fully extended. At other points and in other regions the available resources are likely to fall short of full utilization. While these contrasting situations will not persist indefinitely, it may take time to adjust them since resources both in labour and in plant and equipment are not fully or easily transferable, either technically or geographically.

In the pages that follow the usual detailed tables and explanations are given showing the trends from 1948 to 1951 in the gross national product, personal incomes, saving and investment, the balance of international payments, employment and earnings, and the trend of prices.



THE NATIONAL ACCOUNTS

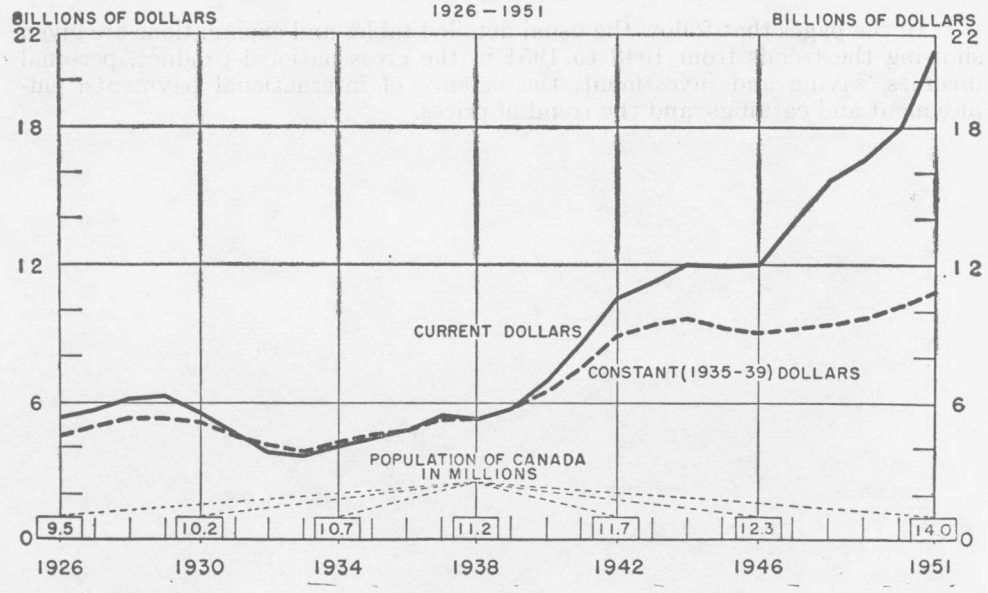
National Income, Product and Expenditure

National Income is the total of the annual earnings of Canadian residents from the production of goods and services. As such it includes salaries, wages and other forms of employee earnings in cash or in kind, as well as military pay and allowances. It includes corporation profits, interest, net rent, and the net income of farmers and others who are in business on their own account.

Gross National Product is the value at market prices of all the goods and services produced in a year by the labour, capital, and enterprise of Canadian residents. It is measured by adding together the costs of production. Part of these costs of production are the factor costs or, more simply, the earnings of the factors of production, labour, capital and enterprise; and the total of these factor costs is National Income. Indirect taxes and other costs such as depreciation allowances also enter into the cost of goods and services although they do not form part of the income of Canadians. They are, therefore, added to National Income to obtain Gross National Product. Subsidies on the other hand may be regarded as offsets to costs of production and are therefore deducted.

Gross National Expenditure measures the same aggregate as Gross National Product but in a different way. The goods and services produced in a year are either sold at home or abroad or added to inventories. Thus Gross National Expenditure is obtained by adding together all sales and adjusting them for imports and changes in inventories. While Canadian expenditure on imported goods and services is included in the total sales to consumers, to governments, and to business for capital account, it is not part of the disposition of Canadian production and is therefore deducted. But since foreign expenditures on Canadian goods and services, *i.e.*, exports, form part of the earnings of Canadians in the Gross National Product, they are included in Gross National Expenditure.

GROSS NATIONAL EXPENDITURE
IN CURRENT AND CONSTANT (1935-39) DOLLARS



National Income and Product

Gross National Product reached $21,241 million in 1951, an increase of 17 per cent over 1950. After allowing for the upward movement of prices which amounted to 11 per cent, it is estimated that the real increase in product was rather more than 5 per cent.

Since the present estimates of change in real product are only approximate, they must be used with some caution in assessing the importance of the gain for a given year or in comparing it with other years. However, it appears that the percentage gain in real product for 1951 was greater than the increase during 1950 and comparable to the combined increases of the two years 1948 and 1949. A significant factor in the increase in product, and one which did not operate in 1950 was the growth in the employed labour force of about 2½ per cent. This was partly offset, however, by a decline of 1 per cent in average weekly hours worked.

A substantial part of the estimated 5 per cent increase in real product, perhaps one-quarter, was due to increased agricultural production, particularly the western grain crop. Because of poor weather, part of this crop remained unharvested in 1951 and thus constituted an involuntary addition to inventories. It is an increase in real product which remains to some extent in doubt, and one which had no positive impact on the economy in 1951. Elsewhere in the economy, although output was higher for the year as a whole, some significant changes occurred during the course of the year in both the pace and pattern of production. Thus while the index of industrial production averaged 212·0 for 1951, or 6·9 per cent above the average for 1950, it rose to a peak of 223·4 in May from which it declined to 200·3 in December. A very significant factor in this rise and decline was the change in demand for consumer goods, particularly durables and textiles which weakened greatly after the first four months of the year, and resulted in a sharp curtailment of production. The increase in expenditures for defence and resource development, which became more important as the year advanced, was not sufficient to offset the effects of reduced demand for consumer goods, so that the index fell at year end below the levels reached late

TABLE 1

NATIONAL INCOME AND GROSS NATIONAL PRODUCT

—	1948[1]	1949	1950	Prelim. 1951
	(Millions of Dollars)			
1. Wages, salaries and supplementary labour income.	7,170	7,761	8,271	9,640
2. Military pay and allowances	82	115	137	201
3. Investment income	2,464	2,445	3,088	3,655
4. Net income of unincorporated business—				
(a) farm operators from farm production[2]	1,518	1,504	1,547	2,138
(b) non-farm unincorporated business	1,326	1,369	1,512	1,595
5. National Income (1+2+3+4)	**12,560**	**13,194**	**14,555**	**17,229**
6. Indirect taxes less subsidies	1,772	1,830	2,005	2,386
7. Depreciation allowances and similar business costs	1,276	1,437	1,607	1,763
8. Residual error of estimate	5	1	−45	−137
9. Gross National Product at Market Prices (5+6+7+8)	**15,613**	**16,462**	**18,122**	**21,241**
10. Index of G.N.P. in Constant Dollars	100	103	108	114

[1] Excludes Newfoundland for which the Gross National Product in 1948 was about $175 million.
[2] Includes undistributed Wheat Board trading profits, and inventory revaluation adjustment on a calendar year basis for grain held by Wheat Board.

in 1950. Real product for the year as a whole showed an increase over 1950 because of the steady advances in production for defence and resource development, and because the very heavy production of consumer goods in the first part of the year offset the declines in the last half.

Farm income showed a very large increase of 38 per cent. This was due to higher prices, particularly for livestock and to an increase in the volume of agricultural production. A very large factor in the increased production was the western grain crop, estimated at 30 per cent above 1950 and 35 per cent above the ten year average. A substantial part of this crop is still not harvested.

The earnings of wage and salary workers rose by 17 per cent during 1951, largely as the result of higher wage rates, although the number of paid workers was on the average about 6 per cent above 1950 levels. This gain in labour income is much larger than the increase of 7 per cent recorded between 1949 and 1950. Military pay and allowances increased by $64 million or approximately 50 per cent.

Investment income increased by 18 per cent over 1950 compared with an increase of 26 per cent between 1949 and 1950. This somewhat more modest advance was due to the less rapid increase in corporate profits which constitute the bulk of investment income. In 1950, for example, corporate profits before tax rose by 28 per cent compared with an estimated increase of 16 per cent in 1951. In contrast to labour income, corporate profits were more responsive to the upsurge of inflationary pressure after the outbreak of war in Korea and rather more sensitive to the lessening of that pressure in the latter part of 1951.

National Expenditure

In addition to the estimated increase of more than 5 per cent in Canadian real product, imports of goods and services exceeded exports by $534 million in 1951 compared with an excess of $329 million in 1950. Taking both these factors into account, therefore, Canadians used about 6 per cent more goods and services in 1951 than in 1950.

This increased product went for defence and capital purposes, many of which were defence supporting, rather than for consumer expenditure. It is estimated that personal expenditure on consumer goods and services rose by 10 per cent during 1951 but that all of this increase was accounted for by rising prices.

TABLE 2

GROSS NATIONAL EXPENDITURE

—	1948[1]	1949	1950	Prelim. 1951
	(Millions of Dollars)			
1. Personal expenditure on consumer goods and services	10,112	10,963	11,862	13,062
2. Government expenditure on goods and services	1,798	2,128	2,323	3,120
3. Gross domestic investment—				
(a) plant, equipment and housing	2,685	2,968	3,216	3,807
(b) change in inventories	605	231	1,005	1,650
4. Exports of goods and services [2]	4,054	4,011	4,185	5,099
5. Imports of goods and services [2]	−3,636	−3,837	−4,514	−5,633
6. Residual error of estimate	−5	−2	+45	+136
7. Gross National Expenditure at Market Prices (1+2+3+4+5+6)	**15,613**	**16,462**	**18,122**	**21,241**
8. Index of G.N.E. in Constant Dollars	100	103	108	114

[1] Excludes Newfoundland.

[2] Minor adjustments have been made to the figures of current receipts and payments shown in Table 12 and in "The Canadian Balance of International Payments, 1926 to 1950", Dominion Bureau of Statistics, to achieve consistency with the other component series.

Of all expenditures, those made by the federal government for defence showed the largest percentage increase rising from $493 million in the calendar year 1950 to $1,160 million in the calendar year 1951. This increase claimed about one-half of the nation's total gain in real output for 1951.

While federal government defence spending showed the largest percentage increase, the increase in expenditure for gross domestic investment was equally significant in absolute terms. Investment in plant, equipment and housing increased by $591 million, an increase of 18 per cent in value or about 7 per cent in volume terms. Investment for these purposes thus absorbed 18 per cent of the nation's total output in 1951, a proportion relatively unchanged from that of the previous year. In addition, inventory accumulation is shown at the record level of $1,650 million or $645 million higher than in 1950; but this figure needs qualification. Approximately $370 million of the total change in inventories represents the value of the physical change in farm inventories. Of the balance, however, a very considerable part reflects an increase in the prices at which year-end inventories are valued rather than an increase in the volume of inventories held. In volume terms business inventories increased by 12 per cent in 1951 compared with 10 per cent in 1950.

Personal Income and Its Disposition

For the purpose of showing the relationship between the incomes, spending and saving of Canadians, Personal Income is a more useful concept than National Income.

Personal Income differs from National Income in a number of ways. It is defined as the sum of current receipts of income regardless of whether these receipts are earnings from production. Thus it includes only that part of corporation profits which is actually received by Canadian persons as dividends. Similarly deductions must also be made from employees' total earnings for unemployment insurance contributions or pension contributions which, although forming part of the compensation for services performed, are not actually received by the employee within the year. On the other hand, transfer payments such as family allowances, old age pensions, veterans' benefits and charitable contributions of corporations, are part of personal income although they are not payments for services and, therefore, do not form part of National Income.

TABLE 3

SOURCES OF PERSONAL INCOME

—	1948[1]	1949	1950	Prelim. 1951
	(Millions of Dollars)			
1. Wages, salaries and supplementary labour income..	7,170	7,761	8,271	9,640
Deduct: Employer and employee contributions to social insurance and government pension funds	−224	−239	−259	−316
2. Military pay and allowances	82	115	137	201
3. Net income received by farm operators from farm production [2]	1,627	1,600	1,446	2,191
4. Net income of non-farm unincorporated business...	1,326	1,369	1,512	1,595
5. Interest, dividends and net rental income of persons [3]	1,058	1,157	1,290	1,454
6. Transfer payments to persons (excluding interest)—				
(a) from government	863	950	1,012	1,001
(b) charitable contributions made by corporations	22	23	25	27
(c) net bad debt losses of corporations	19	21	23	25
7. Personal Income (1+2+3+4+5+6)	**11,943**	**12,757**	**13,457**	**15,818**

[1] Excludes Newfoundland.

[2] Excludes undistributed profits of the Wheat Board and an inventory revaluation adjustment on a calendar year basis for grain held by the Wheat Board.

[3] Includes all government debt interest paid to persons.

A special adjustment is necessary for farm income since the farmer does not receive full payment for his grain at the time it is delivered to the Wheat Board. An initial payment is made upon delivery and subsequent payments adjust for the full price realized by the Board. Thus for a time a part of the farmer's income accumulates with the Wheat Board. For purposes of national income, net farm income is shown in table 1 on an accrued basis and includes income accumulated with the Wheat Board on behalf of farmers. For purposes of personal income, however, an adjustment is necessary to exclude such accumulated income and to include only the disbursements of the Wheat Board whether in respect of current or prior years' deliveries.

Personal Income rose by $2,361 million or 18 per cent during 1951. The largest part of this increase was due to the gain of $1,312 million in salaries and wages net of employer and employee contributions to social insurance and government pension funds. Net income received by farmers rose very sharply by 52 per cent, while net incomes from other unincorporated business increased by only 5 per cent. The rise in farm receipts was accentuated by larger Wheat Board disbursements. Dividends paid out by corporations increased by 2 per cent. Transfer payments were the only source of personal income which fell below 1950 levels and the decline in these was slight. The gain in personal income on a per capita basis appears to have been greater than the rise in prices of consumer goods and services.

On the expenditure side, some significant changes took place during 1951. Personal direct taxes increased by $281 million or 38 per cent owing to the combined effect of rising incomes and higher income tax rates.

In spite of higher taxes, however, disposable income, or personal income after payment of taxes increased by $2,080 million or 16 per cent in 1951. Excluding the portion of this increase which is accounted for by the rise of $370 million in farm inventories, the balance of $1,710 million might have gone to swell the total of personal expenditure on consumer goods and services. In fact however, $641 million or 38 per cent of it went to increase the volume of personal saving. Thus personal saving, excluding change in farm inventories, increased from 5·7 per cent of disposable income in 1950 to 9·3 per cent in 1951, a ratio approximating those of 1948 and 1949. It appears that the rise in expenditure on consumer durables in 1950, which contributed substantially to the lower level

DISPOSITION OF PERSONAL INCOME

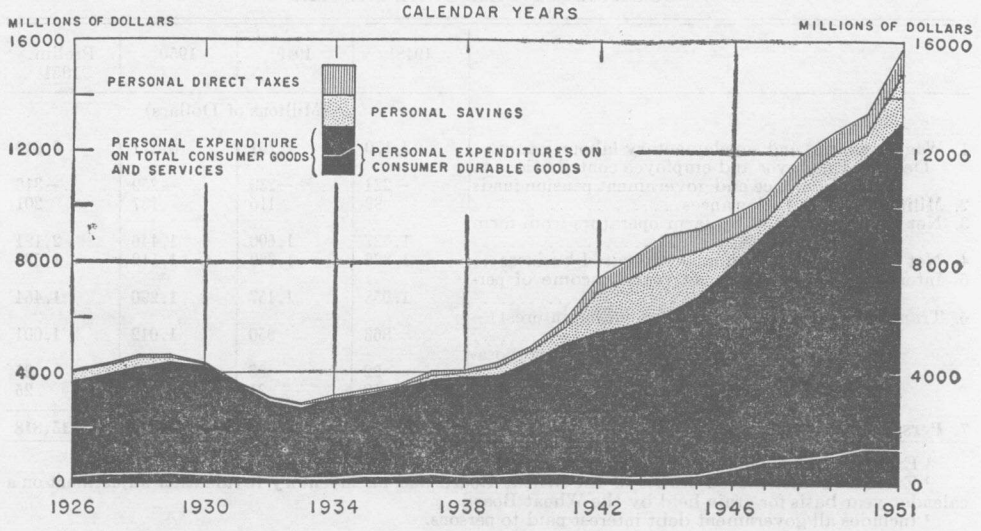


TABLE 4

DISPOSITION OF PERSONAL INCOME

	1948[1]	1949	1950	Prelim. 1951
	(Millions of Dollars)			
1. Personal direct taxes—				
(a) income taxes	717	677	612	890
(b) succession duties	58	55	63	63
(c) miscellaneous taxes	47	57	60	63
Total direct taxes	822	789	735	1,016
2. Personal expenditure on consumer goods and services—				
Goods—				
(a) non-durable	6,461	6,799	7,115	7,864
(b) durable	914	1,084	1,320	1,318
Services	2,737	3,080	3,427	3,880
Total consumer expenditure	10,112	10,963	11,862	13,062
3. Personal saving—				
(a) personal saving excluding farm inventories	1,074	1,077	729	1,370
(b) change in farm inventories	−65	−72	131	370
Total personal saving	1,009	1,005	860	1,740
4. Personal Income (1+2+3)	**11,943**	**12,757**	**13,457**	**15,818**

[1] Excludes Newfoundland.

of saving in that year, was accompanied by a sharp increase in consumer debt; and that repayment of this debt in 1951 was an important factor in restoring the savings ratio to 1948-1949 levels.

The extraordinarily high level of consumer durable goods purchases in the first quarter of 1951 gave way during the rest of the year to greatly reduced spending so that expenditures on these commodities were for the year as a whole unchanged from 1950 in value and significantly below in volume. A combination of several factors appears to have been responsible for this trend. In some fields the backlog of post-war demand had been met and in others the market had been narrowed by advance buying in anticipation of shortages or higher prices. Heavier excise taxes and restrictions on consumer credit were further deterrents. In the non-durable group clothing purchases were reduced, but food consumption remained close to 1950 levels. Only in the case of services was there a greater volume of purchases and this increase was on a moderate scale. After adjusting for price changes, the level of total consumer expenditure seems to have remained unchanged in 1951. In per capita terms the preliminary estimates indicate a decline of about 2 per cent.

Source and Disposition of Saving

Saving may be regarded as the source from which investment expenditure is financed. Income arising out of production may either be spent or saved. At the same time production will be absorbed either by consumption expenditure, or by investment expenditure at home for new plant, equipment, housing, or additions to inventory, or by investment abroad. Saving must therefore equal investment. It is, therefore, possible to construct tables which show, on the one hand, the sources of saving and, on the other, the use of these savings to finance gross investment at home or investment abroad.

In addition to personal saving which was mentioned there can be government saving and business saving. If, for example, governments have a surplus of revenue over expenditure, this surplus constitutes part of the nation's saving. If there are government deficits they are an offset to the total of private saving by individuals and businesses.

During 1951 the composition of saving changed substantially. Personal saving increased by $880 million, government saving by $371 million while business saving, including undistributed Wheat Board trading profits, declined by $37 million. As a result business saving in 1951 was relatively less important as a source of funds for the rapidly growing investment demand at home. Less than 45 per cent of gross domestic investment was financed from business saving during 1951, compared with almost 60 per cent in 1950.

TABLE 5

SOURCES OF SAVING

—	1948[1]	1949	1950	Prelim. 1951
	(Millions of Dollars)			
Personal saving	1,009	1,005	860	1,740
Gross business saving—total	*1,943*	*1,925*	*2,429*	*2,392*
(a) Undistributed corporation profits	788	607	746	710
(b) Depreciation allowances	1,276	1,437	1,607	1,763
(c) Net bad debt losses of corporations	−19	−21	−23	−25
(d) Undistributed Wheat Board trading profits and inventory revaluation adjustment on grain held by Wheat Board	−109	−96	101	−53
(e) Inventory revaluation adjustment[2]	7	−2	−2	−3
Adjusted government surplus (+) or deficit (−)[3]	746	440	693	1,064
Residual error of estimate[4]	5	1	−45	−137
Total	3,703	3,371	3,937	5,059

[1] Excludes Newfoundland.
[2] The adjustment has been made only to grain held in commercial channels.
[3] See Table 10, footnote 2.
[4] See Tables 1 and 2.

Personal saving of $1,740 million in 1951 was equal to 12 per cent of personal income after payment of direct taxes. It constituted slightly less than 35 per cent of the nation's saving from all sources in 1951 compared with approximately 22 per cent in 1950, 30 per cent in 1949, and 27 per cent in 1948. Even excluding the large saving of $370 million in the form of farm inventories, which was to some extent involuntary, personal saving showed a marked recovery from the low level of 1950. While a good part of the increase in saving took the form of a reduction in consumer debt, there was also some increase in liquid saving.

In 1951 more than 21 per cent of the nation's saving was made up of the combined surplus of federal, provincial and municipal governments, compared with less than 18 per cent in 1950. This government saving was largely the result of the federal surplus, since little more than 3 per cent of it was due to the surpluses of all provincial and municipal governments combined.

In 1951, as in 1950, there was an increase in net foreign indebtedness since imports of goods and services again exceeded exports. The deficit on current account was financed by a net inflow of capital, largely from the United States,

rather than by a reduction in Canada's reserves of foreign exchange. A good part of the capital inflow was the result of Canadian borrowing abroad. But to some extent the movement was initiated outside the country; and capital flowed into Canada in response to opportunities for direct investment, thus contributing to the deficit on current account while furnishing the funds to finance it. Looking at Canadian investment as a whole, the increase in net foreign indebtedness constituted a substantial offset to gross domestic investment in 1951.

TABLE 6

DISPOSITION OF SAVING

—	1948[1]	1949	1950	Prelim. 1951
	(Millions of Dollars)			
Gross domestic investment	3,290	3,199	4,221	5,457
Net increase in foreign assets (including foreign exchange) adjusted[2]	418	174	−329	−534
Residual error of estimate[3]	−5	−2	+45	+136
Total	3,703	3,371	3,937	5,059

[1] Excludes Newfoundland.
[2] Minor adjustments have been made to the figures appearing in Table 12.
[3] See Tables 1 and 2

Business saving consists for the most part of amounts set aside for depreciation and undistributed profits. In 1951 an increase of $400 million in corporation profits before taxes brought the total to $2,850 million. The rate of increase was much below the 28 per cent increase shown for 1950. While corporate profits increased by $400 million during 1951 the liability for corporation taxes is estimated to have increased by $421 million so that there was a reduction of 1 per cent in corporation profits after taxes. This, together with the increase of 2 per cent or $15 million in dividends paid out during 1951, brought about a reduction of $36 million or approximately 5 per cent in undistributed corporation profits.

TABLE 7

CORPORATION PROFITS, TAXES AND DIVIDENDS

—	1948[1]	1949	1950	Prelim. 1951
	(Millions of Dollars)			
Corporation profits before taxes[2]	1,955	1,906	2,450	2,850
Deduct corporation taxes[3]	−685	−731	−1,023	−1,444
Corporation profits after taxes	1,270	1,175	1,427	1,406
Deduct dividends paid out[4]	−482	−568	−681	−696
Undistributed corporation profits[5]	788	607	746	710

[1] Excludes Newfoundland.
[2] Includes depletion charges and is adjusted for losses, and for conversion to a calendar year basis.
[3] Taxes paid or payable in respect of the calendar year's income. (See Table 10).
[4] Includes charitable contributions made by corporations. (See Table 3 Item 6 (b)).
[5] See Table 5.

Investment and Capital Expenditure

Investment in plant, equipment and housing continued to increase and formed a slightly larger share of gross national expenditure in 1951. In construction, a shift to non-residential uses took place during 1951, leaving residential building at a physical level about 16 per cent below 1950. The value of new machinery and equipment showed a very great increase, rising about 30 per cent above 1950 levels. The increase in investment in inventories constituted an even larger amount in dollar terms. Apart from changes in farm inventories however, a very large part of the dollar figure shown represents a change in the prices at which year-end inventories are valued, rather than the value of the physical change. As indicated above the volume increase in business inventories is estimated at 12 per cent for 1951 compared with 10 per cent for 1950. The very heavy demand for inventory which characterized the early part of 1951 gave way in the third and fourth quarters to a more cautious policy. Consequently most of the inventory accumulation took place in the first and second quarters and the record holdings at year-end appear to have been to some extent, involuntary.

TABLE 8

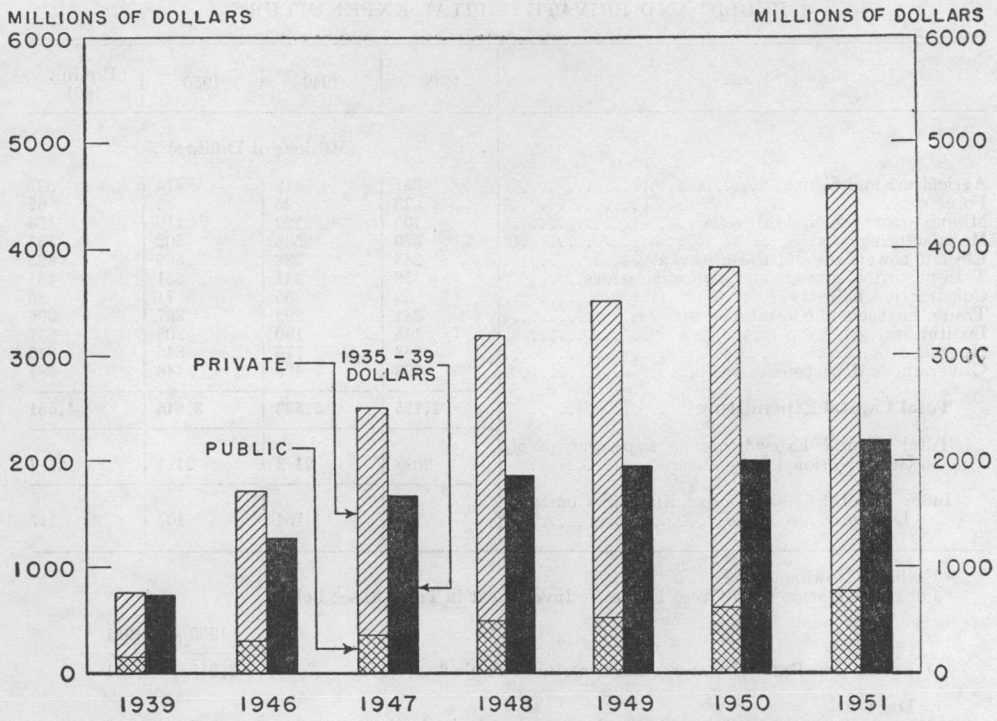
GROSS DOMESTIC INVESTMENT

—	1948[1]	1949	1950	Prelim. 1951
	(Millions of Dollars)			
Housing, plant, and equipment—total[2]	2,685	2,968	3,216	3,807
New residential construction	637	742	801	778
Other new construction	818	903	1,026	1,215
New machinery and equipment	1,230	1,323	1,389	1,814
Change in inventories—total	605	231	1,005	1,650
Grain in commercial channels[3]	51	−16	60	—
Farm grain and livestock[3]	−65	−72	131	370
All other inventories[4]	619	319	814	1,280
Gross Domestic Investment[5]	**3,290**	**3,199**	**4,221**	**5,457**
Percentage of Gross National Expenditure	21·1	19·4	23·3	25·7

[1] Excludes Newfoundland.
[2] Includes private businesses and institutions, and publicly owned public utilities.
[3] Value of physical change.
[4] Change in value. Includes privately financed industrial and trade inventories.
[5] See Table 2, Item 3.

Table 9 gives an industrial distribution of business capital expenditures and brings them together with public capital outlays included under government expenditure in Table 2. The total of public and private capital expenditure increased by $766 million or 20 per cent during 1951. In real terms the increase is estimated at 9 per cent. The increase in both value and volume of capital expenditure during 1951 was more than double the increase experienced in 1950.

PUBLIC AND PRIVATE CAPITAL EXPENDITURE



The pattern of investment during 1951 underwent a change in emphasis and was increasingly directed towards defence and defence-supporting industries. Well over two-thirds of the increase in total capital expenditure of $766 million was undertaken by three groups: manufacturing, utilities and government departments. The outlay in manufacturing showed an increase for the first time since 1948, expanding by 50 per cent over 1950. Major contributions were made to this increase by heavy industries, particularly steel, aircraft and shipbuilding as well as the chemical group. Expenditures made by utilities including transportation and communications advanced by about $200 million to a total of over $900 million and accounted for almost 20 per cent of all capital investment. Capital expenditure by government departments was up by $138 million or 31 per cent. About 70 per cent of this increase was accounted for by federal government outlays and went for defence purposes and capital assistance. Investment in the primary industries remained high in 1951, increasing by $142 million or 23 per cent. The expansion in the development of oil and base metal resources and in woods operations was particularly noteworthy. The service sector underwent practically no change from the previous year, while the outlay for institutions increased moderately.

TABLE 9

PUBLIC AND PRIVATE CAPITAL EXPENDITURE

—	1948[1]	1949	1950	Prelim. 1951
	(Millions of Dollars)			
Agriculture and fishing	351	419	473	537
Forestry	28	26	34	65
Mining, quarrying and oil wells	105	122	119	166
Manufacturing	579	536	502	755
Electric power, gas and water works	248	338	369	485
Transportation, storage and communications	318	341	351	431
Construction industry	59	55	71	85
Trade, finance and commercial services	281	293	397	396
Institutions	145	190	208	237
Housing	668	776	845	840
Government departments	393	406	446	584
Total Capital Expenditure[2]	**3,175**	**3,502**	**3,815**	**4,581**
Total Capital Expenditure as a percentage of Gross National Expenditure	20·3	21·3	21·1	21·6
Index of total Capital Expenditure in Constant Dollars	100	104	107	117

[1] Excludes Newfoundland.
[2] For reconciliation with Gross Domestic Investment in Table 8, see below

	1950	1951
PUBLIC AND PRIVATE CAPITAL EXPENDITURE—Table 9	3,815	4,581
DEDUCT:		
Provincial hospitals and schools, and municipal schools	−107	−126
Government housing exc. C.M.H.C. rental housing	−44	−62
Direct government department outlays	−446	−584
Other	−2	−2
ADD:		
Change in Inventories	1,005	1,650
TOTAL GROSS DOMESTIC INVESTMENT—Table 8	4,221	5,457

Revenue and Expenditure of All Governments

In Table 10 "Government Transactions Related to the National Accounts" an attempt is made to bring together in one statement and under uniform headings, the activities of all governments in Canada on a calendar year basis.

The table is designed to include only those transactions which have relevance for the National Accounts, and consequently the surpluses or deficits shown here do not agree with those shown in the various public accounts. It has been necessary to adjust the conventional accounting statements of fiscal year revenue and expenditure to exclude purely bookkeeping transactions such as those relating to reserves, write-offs, amortization, and other non-cash items, as well as the purchase and sale of existing capital assets; and to include the transactions of extra-budgetary funds such as unemployment insurance, workmen's compensation and government pension funds. Government loans and investments, and debt retirement, are not included in government expenditure.

In the federal accounts, some of the more substantial adjustments are as follows: elimination of reserve for possible losses on active assets, elimination of reserve for veterans' conditional benefits, elimination of expenditures charged with respect to the assumption of Newfoundland debt in 1949, elimination of expenditures charged with respect to shipment of World War II military equipment to N.A.T.O. countries, addition of expenditures out of Defence Equipment Replacement Account, elimination of write-down of active assets to non-active account, adjustment of corporation taxes to an accrual basis, inclusion of the change in inventories of government commodity agencies and the Defence Production Revolving Fund, and elimination of sales of war assets. In addition, the federal figures are adjusted to a calendar year basis by using the monthly figures published by the Comptroller of the Treasury.

Municipalities are for the most part on a calendar year basis but the provincial figures are based on the provincial fiscal years. Because of the lack of current information the 1951 figures for provincial and municipal governments involve a considerable element of estimation.

TABLE 10

GOVERNMENT TRANSACTIONS RELATED TO THE NATIONAL ACCOUNTS

—	1948[1]	1949	1950	Prelim. 1951
	(Millions of Dollars)			
GOVERNMENT REVENUE—				
Direct Taxes—Persons	822	789	735	1,016
Income and Excess Profits—				
Federal	717	674	612	890
Provincial and Municipal	—	3	—	—
Succession Duties—				
Federal	29	26	34	35
Provincial	29	29	29	28
Miscellaneous—				
Federal	6	7	7	6
Provincial and Municipal	41	50	53	57
Direct Taxes—Corporations	685	731	1,023	1,444
Income and Excess Profits—				
Federal	566	601	878	1,251
Provincial	119	130	145	193
Other Direct Taxes—				
Withholding taxes—Federal	41	47	54	56
Indirect Taxes	1,847	1,907	2,069	2,519
Federal	1,086	1,048	1,115	1,494
Provincial and Municipal	761	859	954	1,025
Investment Income	327	357	394	414
Federal	89	110	137	151
Provincial and Municipal	238	247	257	263
Employer and Employee Contributions to Social Insurance and Government Pension Funds	224	239	259	316
Federal	129	141	158	206
Provincial and Municipal	95	98	101	110
Transfers from Other Governments—				
Provincial and Municipal	150	182	256	260
Total Revenue	4,096	4,252	4,790	6,025
Federal	2,663	2,654	2,995	4,089
Provincial and Municipal	1,433	1,598	1,795	1,936
Deficit (or surplus—)	**—746**	**—440**	**—693**	**—1,064**
Federal[2]	—762	—497	—686	—1,031
Provincial and Municipal	16	57	—7	—33
Total Revenue plus Deficit (or minus Surplus)	**3,350**	**3,812**	**4,097**	**4,961**
Federal	1,901	2,157	2,309	3,058
Provincial and Municipal	1,449	1,655	1,788	1,903

[1] Excludes Newfoundland.

[2] For reconciliation with Public Accounts Surplus, see page 21.

TABLE 10—Concluded

GOVERNMENT TRANSACTIONS RELATED TO THE NATIONAL ACCOUNTS

—	1948[1]	1949	1950	Prelim. 1951
	(Millions of Dollars)			
GOVERNMENT EXPENDITURE—				
Goods and Services	1,798	2,128	2,323	3,120
Federal—				
Defence	255	361	493	1,160
Non-defence	424	519	478	521
Provincial and Municipal	1,119	1,248	1,352	1,439
Transfer Payments	1,327	1,425	1,454	1,448
Federal	1,001	1,022	1,022	988
Provincial and Municipal	326	403	432	460
Subsidies	75	77	64	133
Federal	71	73	60	129
Provincial and Municipal	4	4	4	4
Transfers to Other Governments—				
Federal	150	182	256	260
Total Expenditure	**3,350**	**3,812**	**4,097**	**4,961**
Federal	1,901	2,157	2,309	3,058
Provincial and Municipal	1,449	1,655	1,788	1,903

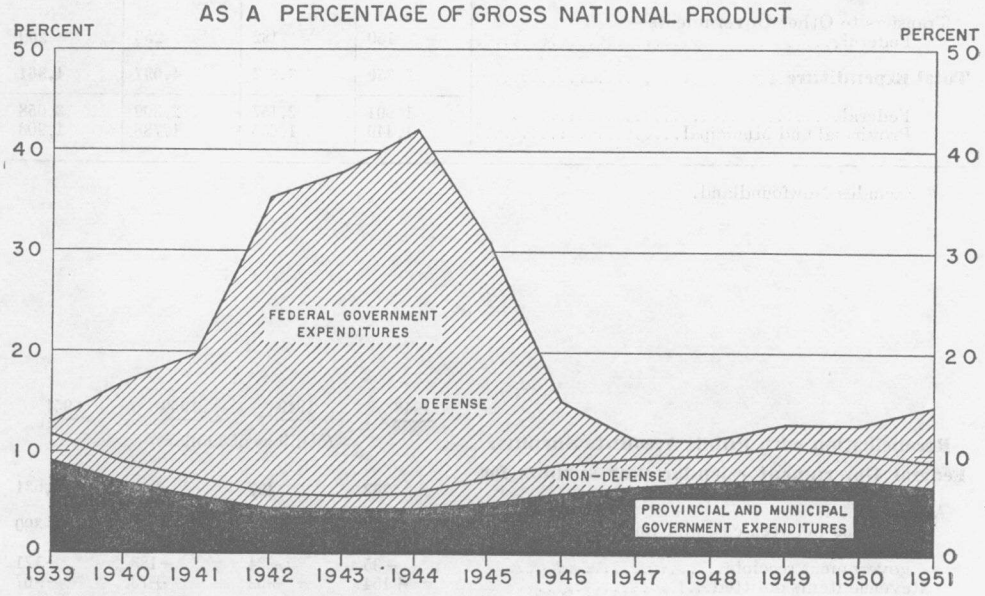
[1] Excludes Newfoundland.

	1948	1949	1950	1951
Reconciliation with Public Accounts Surplus:	(Millions of Dollars)			
Federal Government calendar year surplus for national accounts purposes	**762**	**497**	**686**	**,031**
Adjustments:				
Difference between calendar and fiscal year	+36	+311	−122	−300
Difference between corporation tax accruals and government receipts	−35	−34	−183	−171
Revenue items omitted	+154	+62	+73	+67
Reserves, write-offs and non-cash items omitted from expenditure	−92	−154	−130	−167
Change in inventories of government commodity agencies	−18	+32	−19	−16
Shipment of military equipment to N.A.T.O. countries, less replacement	—	—	−57	−69
Extra-budgetary funds for pensions and social insurance (net)	−78	−68	−56	−134
Other adjustments	−53	−50	−61	−30
Federal surplus for fiscal year as per public accounts	**676**	**596**	**131**	**21**
	(1947-48)	*(1948-49)*	*(1949-50)*	*(1950-51)*

Federal government expenditure on goods and services increased by $710 million or 73 per cent in 1951. More than 90 per cent of this increase was due to accelerated defence spending. Although the increase in defence spending was not as great as had been planned, it absorbed about one-half of the nation's increased product for 1951. This increase does not reflect the full impact of the defence program on the economy since the larger part of the increase in private capital investment during 1951 was also directed to defence and defence supporting industries. Federal non-defence spending on goods and services, on the other hand, increased by less than 10 per cent and when account is taken of price increases, the use of the nation's product for these purposes was approximately unchanged. The increase in provincial and municipal expenditure on goods and services for 1951 is estimated at 6 per cent. Here too no increase in real terms is indicated when account is taken of prices.

The combined total of transfer payments for all levels of government remained approximately unchanged from the calendar year 1950, with decreases at the federal level more or less offset by increases in provincial and municipal transfers. The major declines were in payments to veterans and in unemployment insurance benefits while increases occurred in family allowances, old age pensions and provincial and municipal grants to hospitals.

GOVERNMENT EXPENDITURES ON GOODS AND SERVICES
AS A PERCENTAGE OF GROSS NATIONAL PRODUCT



Although federal government expenditures were markedly higher because of the defence program, revenues rose even more sharply. This was due to a combination of higher rates and higher levels of prices and incomes with the influence of the latter factors predominating. Total federal revenues for the calendar year 1951 were $1,094 million or 36 per cent higher than in 1950. The largest increase was in direct taxes on persons and corporations which were $653 million or 41 per cent higher. The accrued liability for corporation taxes increased markedly because of higher corporation profits and the imposition of the defence surcharge of 20 per cent for the full year. It should be emphasized however that direct taxes on corporations are shown for purposes of the National

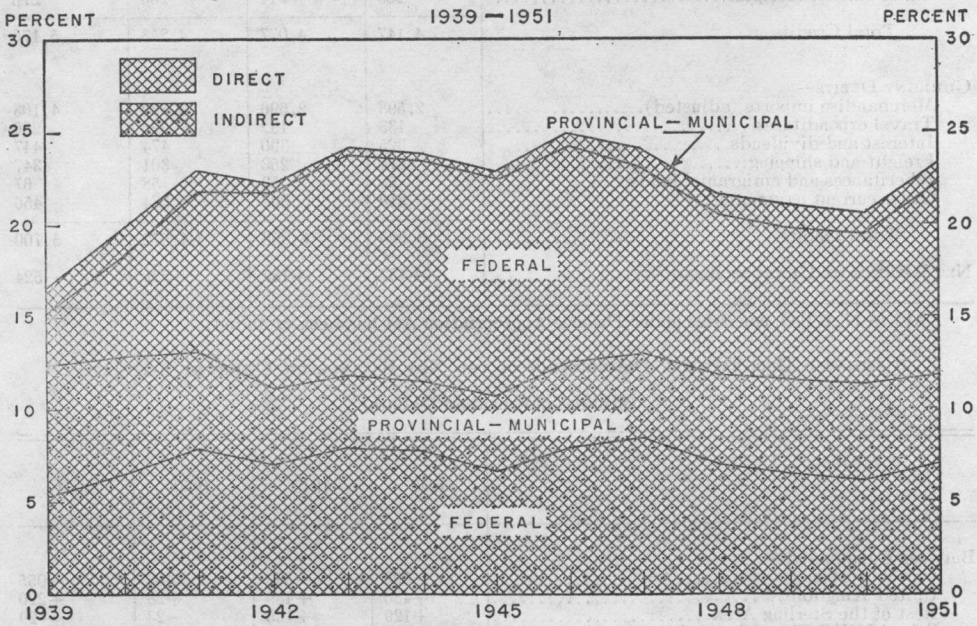
Accounts on an accrued basis to correspond with estimates of corporation income and hence are considerably higher for 1951 than actual receipts of revenue by the government.

For all levels of government, indirect taxes exceeded direct taxes by 19 per cent in 1948, 22 per cent in 1949 and 14 per cent in 1950; but in 1951 the two were approximately equal. This change was brought about by the heavier liability for federal direct taxes in 1951.

As calculated for National Accounts purposes, federal government revenues increased a great deal more rapidly during the calendar year 1951 than did expenditures. Consequently, the surplus increased from $686 million in the calendar year 1950 to $1,031 million in the calendar year 1951. This federal surplus constituted 20 per cent of the nation's total saving and was, therefore, a very substantial anti-inflationary factor. Combined provincial and municipal government revenue and expenditure on the other hand were more nearly in balance.

The federal surplus shown for National Accounts purposes differs substantially from the public accounts surplus, not only because of the difference between the calendar and the fiscal year, but because of other adjustments made to both revenues and expenditures to make the presentation consistent with figures shown for other sectors of the economy. A reconciliation table has, therefore, been appended to the government table which summarizes the major adjustments.

GOVERNMENT DIRECT AND INDIRECT TAXATION
AS A PERCENTAGE OF GROSS NATIONAL PRODUCT
1939 — 1951



Direct taxes include taxes on personal and corporate income, succession duties and personal fees.
Indirect taxes include taxes on commodities, services, real property and business fees.

BALANCE OF INTERNATIONAL PAYMENTS

When goods are exported, unless they are given away, they give rise to payments or debts in favour of Canada. Similarly, when goods are imported they give rise to payments or debts in favour of the rest of the world. Other transactions such as interest and dividend payments, the tourist trade, freight and shipping charges, also give rise to similar payments or debts in either direction. The difference between the debits and credits arising from these current transactions is referred to as the net balance of international payments on current account. When total debits exceed total credits within a year, as was the case in 1950 and 1951, Canada goes into debt to the rest of the world or the rest of the world pays off some of its debt to Canada. When total credits exceed total debits as was the case for many years previous to 1950, the net position is, of course, reversed.

TABLE 11

BALANCE OF INTERNATIONAL PAYMENTS

ESTIMATED CURRENT ACCOUNT BETWEEN CANADA AND ALL COUNTRIES

(Millions of Canadian Dollars)

—	1948	1949	1950	1951
CURRENT CREDITS—				
Merchandise exports (adjusted)[1]	3,030	2,989	3,139	3,950
Non-monetary gold	119	139	163	150
Travel expenditures	279	286	275	271
Interest and dividends	70	83	91	115
Freight and shipping	336	303	284	337
Inheritances and immigrants' funds	84	66	58	77
Other current receipts	229	211	233	276
Total Credits	4,147	4,077	4,243	5,176
CURRENT DEBITS—				
Merchandise imports (adjusted)	2,598	2,696	3,129	4,103
Travel expenditures	133	192	226	280
Interest and dividends	325	390	474	447
Freight and shipping	279	253	301	347
Inheritances and emigrants' funds	50	53	58	67
Other current payments	310	306	384	456
Total Debits	3,695	3,890	4,572	5,700
NET BALANCE ON CURRENT ACCOUNT	+452	+187	−329	−524

[1] Aid to N.A.T.O. countries under Defence Appropriation Act has been excluded.

ESTIMATED GEOGRAPHICAL DISTRIBUTION OF THE NET BALANCE ON CURRENT ACCOUNT

(Millions of Canadian Dollars)

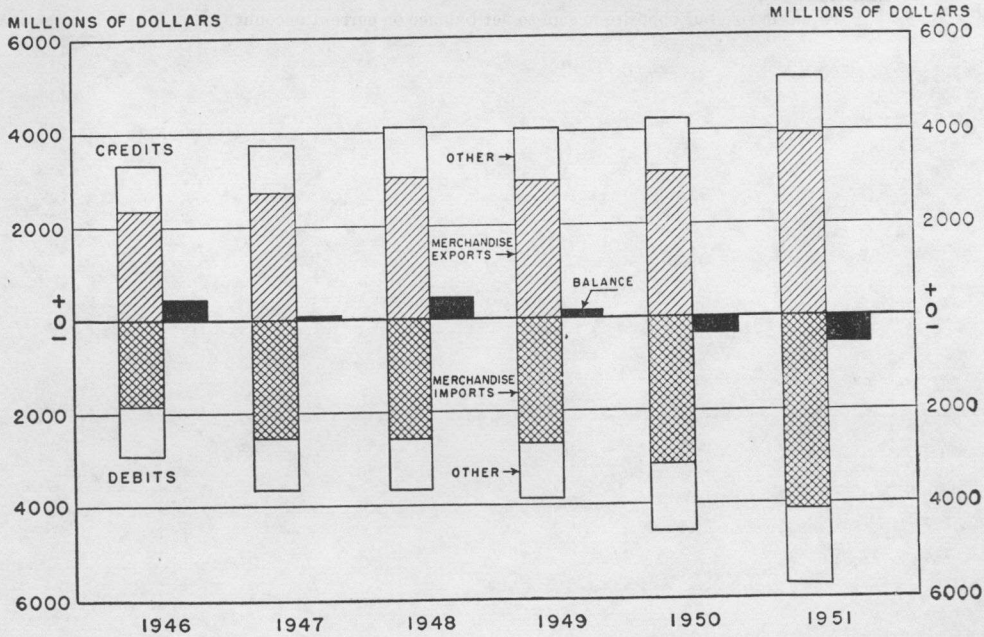
—	1948	1949	1950	1951
Between Canada and—				
United States	−393	−589	−403	−955
United Kingdom	+486	+439	+28	+220
Rest of the Sterling Area	+129	+135	−23	−29
Other OEEC Countries	+227	+187	+109	+220
Other Countries	+3	+15	−40	+20
All Countries	+452	+187	−329	−524

During 1951, Canada's transactions on international account expanded greatly; exports of goods and services increased by 26 per cent and imports by 31 per cent over 1950. Largely because of the rapid rise of import prices in the first half of 1951, the annual index of import prices showed a slightly greater increase over 1950 than did the index of export prices. This is another way of saying that our imports were on the average a little more costly in terms of exports than they had been in 1950. However, the terms of trade, or the prices which we pay for imported goods and services in terms of our exports, moved very much in our favour during the latter part of the year. This is indicated by the fact that the index of export prices advanced more or less steadily throughout the year from 115·9 in January to 125·8 in December, while the index of import prices which rose rapidly from 119·9 in January to 129·9 in June, had declined by December to 121·6.

In volume terms exports advanced by 9 per cent and imports by 11 per cent. The growth in the excess of imports over exports in 1951 added about one-half of 1 per cent to the supply of goods and services available for Canadians. A large part of the increase in imports took the form of increased purchases of defence items and capital goods.

The deficit on current account for 1951 was $524 million, or $195 million more than the year before. Most of the change is accounted for in merchandise trade where the small favourable balance of 1950 was replaced in 1951 by a deficit of $153 million. The deficit on merchandise account arose in the first six months of the year when imports were exceptionally heavy. In the last half of the year a decline in the value of imports coupled with a sharp rise in the value of exports produced a substantial merchandise surplus and this change in the situation appears to have carried forward into 1952. The change in the terms of trade in the last half of 1951 was an important factor contributing to this surplus. All other current account items gave rise to a net deficit of $371 million in 1951 compared to $339 million in 1950. The most important changes within these figures were a decline in our adverse balance on interest and dividend account of $51 million and a reversal of our tourist account balance from +$49 million to −$9 million.

BALANCE OF INTERNATIONAL PAYMENTS



The geographical distribution of the net balance on current account changed substantially during 1951 and showed a reversal of the movement towards a closer balance with the principal trading areas which had occurred in the previous year. The increase in imports from the United States far outstripped the increase in exports and the deficit on current account increased from $403 million in 1950 to $955 million in 1951. In contrast with the large deficit with the United States, Canada's overall export surplus with overseas countries rose by $357 million to a total of $431 million. Of particular importance was the sharp advance of $228 million in exports of goods and services to the United Kingdom and of $183 million to other O.E.E.C. countries. Transactions with the rest of the sterling area, although on a higher level compared to the previous year, resulted in little change in the net balance while a small credit vis-a-vis all other countries developed during 1951.

Despite the current account deficit, Canada's official reserves of gold and U.S. dollars rose by $37 million. The capital inflow, largely from the United States, although considerably smaller than the capital inflow of 1950, was thus more than sufficient to offset the current account deficit. The available details of transactions on capital account in 1951 are compared in the following table with similar transactions in 1950:

	(Millions of Canadian dollars)	
	1950	1951
Loans to United Kingdom and other governments (gross)—		
Drawings	−50	—
Repayments	+74	+68
Net reduction in the U.S. dollar debt of the Government of Canada (expressed in U.S. dollars)	−50	—
Increase (−) in official reserves of gold and United States dollars (expressed in U.S. dollars)	−624	−37
Other capital, including exchange adjustments, errors and omissions	+979	+493
Total*	+329	+524

* Equal in size but opposite in sign to net balance on current account.

TABLE 12

CANADA'S HOLDINGS OF GOLD AND U.S. DOLLARS

(millions of U.S. dollars)

—	Exchange Fund Account and Bank of Canada		Other Government of Canada Accounts	Private[2]	Total
	Gold	U.S. dollars	U.S. dollars	U.S. dollars	Gold and U.S. dollars
Sept. 15, 1939	204·9	33·8	22·4	132	393·1
Dec. 31, 1939	218·0	54·8	33·4	98	404·2
Dec. 31, 1940	136·5	172·8	20·8	2	332·1
Dec. 31, 1941	135·9	28·2	23·5	.....	187·6
Dec. 31, 1942	154·9	88·0	75·6	.....	318·5
Dec. 31, 1943	224·4	348·8	76·4	.....	649·6
Dec. 31, 1944	293·9	506·2	102·1	.....	902·2
Dec. 31, 1945	353·9	922·0	232·1	.....	1,508·0
Dec. 31, 1946	536·0	686·3	22·6	.....	1,244·9
Dec. 31, 1947	286·6	171·8	43·3	.....	501·7
Dec. 31, 1948	401·3	574·5	22·0	.....	997·8
Dec. 31, 1949	486·4	594·1	[1] 36·6	.....	1,117·1
Dec. 31, 1950	580·0	1,144·9	16·6	.....	1,741·5
Dec. 31, 1951	841·7	899·5	37·4	.....	1,778·6

[1] Not including $18·2 million in United States dollars borrowed by the Government of Canada in August, 1949, and set aside for the retirement on February 1, 1950, of a security issue guaranteed by it and payable at the holder's option in United States dollars.

[2] Exclusive of working balances.

EMPLOYMENT AND EARNINGS

Labour income during 1951 was estimated at $9,640 million, 17 per cent above 1950. The annual average earned income per paid worker rose from $2,316 in 1950 to $2,551 in 1951.

Average weekly earnings in nine leading non-agricultural industries averaged $49.61 in 1951 compared to $44.84 in 1950. The December figure was $52.41 for 1951 and $46.63 in 1950. Hourly earnings in manufacturing were $1.24 at the end of 1951 compared with $1.08 a year earlier. These gains appear to have been sufficient to maintain the real value of weekly earnings.

Part of the increase in total labour income is accounted for by the higher level of employment reached during 1951. The number of people employed throughout the year averaged 5,175,000, an increase of 129,000, or 2·6 per cent over 1950. The increase was more pronounced during the first half than during the second half of the year. In manufacturing, for instance, between January and June, 1951, employment was 8·8 per cent higher than during the same period of 1950; between July and December, it was 5·4 per cent higher.

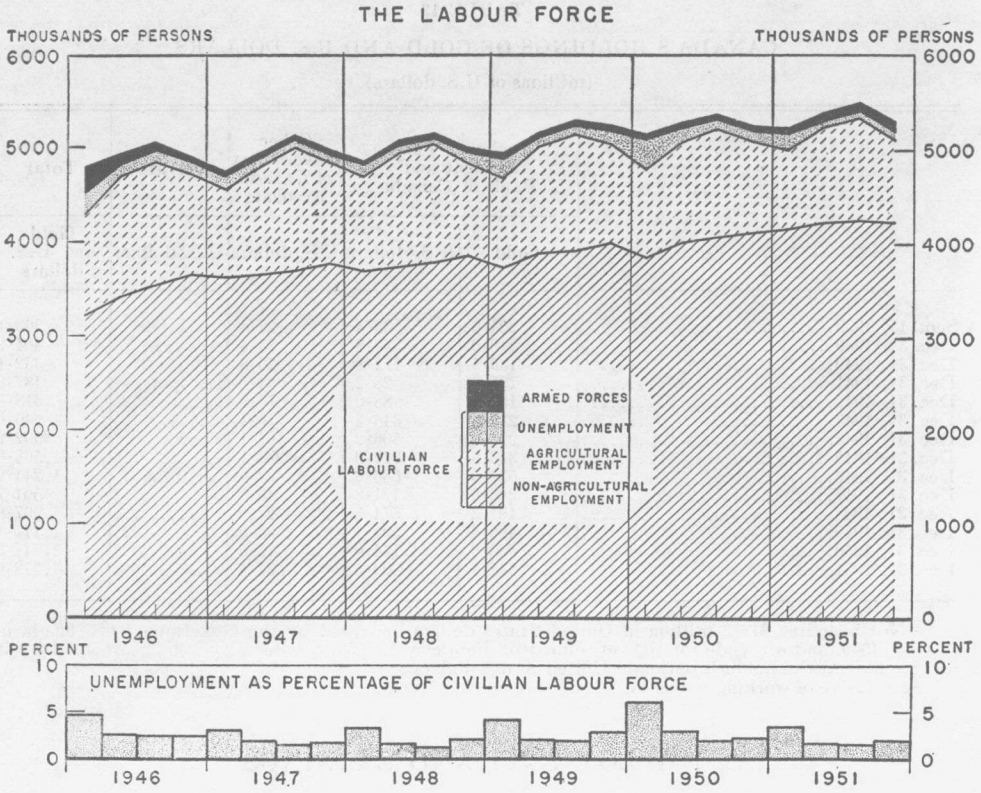


TABLE 13

THE CIVILIAN LABOUR FORCE

ANNUAL AVERAGES

(Thousands of Persons)

—	1948[1]	1949[1]	1950	1951
Civilian Labour Force	4,982	5,090	5,217	5,284
Exclusive of Newfoundland	—	—	*5,108*	*5,176*
Male	3,919	4,002	4,099	4,134
Female	1,063	1,088	1,118	1,150
Non-Agricultural	3,882	3,996	4,178	4,324
Agricultural	1,100	1,094	1,039	960
Unemployed	103	133	171	109
Employed	4,879	4,957	5,046	5,175
In Non-Agricultural Industries	3,783	3,869	4,013	4,218
Paid Workers	3,238	3,325	3,459	3,678
Employers, own account workers and unpaid family workers	545	544	554	540
In Agriculture	1,096	1,088	1,033	957

[1] Excludes Newfoundland.

The easing in the demand for labour during 1951 was especially marked in certain consumer goods industries where it resulted in non-seasonal lay-offs and a shorter working week. In manufacturing, the average number of hours worked per week fell to 41·8 from 42·3. The percentage of the employed labour force working 35 or more hours per week declined slightly.

Short-time and non-seasonal lay-offs are reflected in the increase in the number of persons registered at National Employment Service offices. During January and February, 1952, unplaced applicants averaged 332,000 and 369,000 respectively. The comparable figures for January and February, 1951, were 273,000 and 302,000. This is the period of highest seasonal unemployment.

Persons without jobs and seeking work averaged 109,000, or 2·1 per cent of the labour force during 1951, compared to 171,000, or 3·3 per cent during the preceding year.

The civilian labour force, which includes both the employed and unemployed, averaged 5,284,000, 67,000 more than during 1950. The rate of participation in the labour force was the same in both years: 53·7 per cent of the non-institutional civilian population over 14 years of age. The number of persons in the agricultural labour force continued to fall during 1951. The loss of 79,000 persons, however, was more than offset by an increase of 146,000 in the size of the non-agricultural labour force. The sex composition of the labour force was substantially unchanged. During 1951, 218 out of every 1,000 workers were women; in 1950, 214 were women.

In addition to the civilian labour force there were 85,000 in the armed forces at the end of 1951 compared with 60,000 at the end of 1950.

PRICE TRENDS

After the outbreak of war in Korea the period of relative price stability which had prevailed for more than 18 months, gave way to rapidly rising prices. This was particularly true for the latter half of 1950 and the early months of 1951. In the whole period from the outbreak of war in Korea to the present time the wholesale price index rose by slightly less than 11 per cent and the cost-of-living index by almost 13 per cent.

For the year 1951 as a whole, wholesale prices averaged 13·7 per cent above 1950. The larger part of this rise, however, was confined to the first quarter. Subsequent small increases carried it to a peak in July from where it steadily declined. Thus, in December 1951, wholesale prices were only 2·3 per cent above those prevailing at the beginning of the year. This decline has persisted into 1952 with the wholesale price index for February a further 2·1 per cent below December 1951, and a full 2·5 per cent below February 1951. Prices of fully and chiefly manufactured goods followed exactly the trend of the total index. The index of Canadian farm products, however, showed a more rapid increase during the first quarter of 1951 and, in spite of some decline in the spring, reached a peak in July at a point more than 10 per cent above the beginning of the year. By February, 1952, it had once more declined to the level of January, 1951.

Except for a slight decline of 0·1 points during December, the cost-of-living index rose in each month of 1951. For the year as a whole the increase amounted to 11 per cent but most of the rise was confined to the first two quarters in which there was an increase of 9 per cent compared with an increase of 2 per cent in the last two quarters. The increase in the cost-of-living index during the last six months of 1951 was offset by declines in February and March of 1952 so that the index at March 1 again approximated the level of August, 1951.

TABLE 14

WHOLESALE PRICE INDEXES

(1935-39=100)

Monthly Averages	Total	Canadian Farm Products	Fully and Chiefly Manufactured Goods
1939	99·2	92·6	101·9
1940	108·0	96·1	109·9
1941	116·4	106·8	188·8
1942	123·0	127·1	123·7
1943	127·9	145·4	126·9
1944	130·6	155·3	129·1
1945	132·1	166·4	129·8
1946	138·9	179·5	138·0
1947	163·3	192·2	162·4
1948	193·4	232·1	192·4
1949	198·3	228·7	199·2
1950	211·2	236·7	211·0
1951	240·1	265·1	242·5
1951—January	232·3	251·0	233·6
February	238·5	262·5	240·0
March	241·8	273·0	244·1
April	242·2	265·4	244·9
May	241·9	265·3	244·4
June	242·7	272·6	243·7
July	244·2	277·1	246·6
August	241·5	263·3	245·1
September	240·1	260·5	243·7
October	239·6	259·3	242·7
November	239·1	264·9	241·4
December	237·6	266·8	239·7
1952—January	236·8	263·1	239·7
February	232·6	251·2	236·2

NOTE:—1951 and 1952 indexes are preliminary.

CANADIAN WHOLESALE PRICES AND COST OF LIVING INDEXES

1926 — 1952

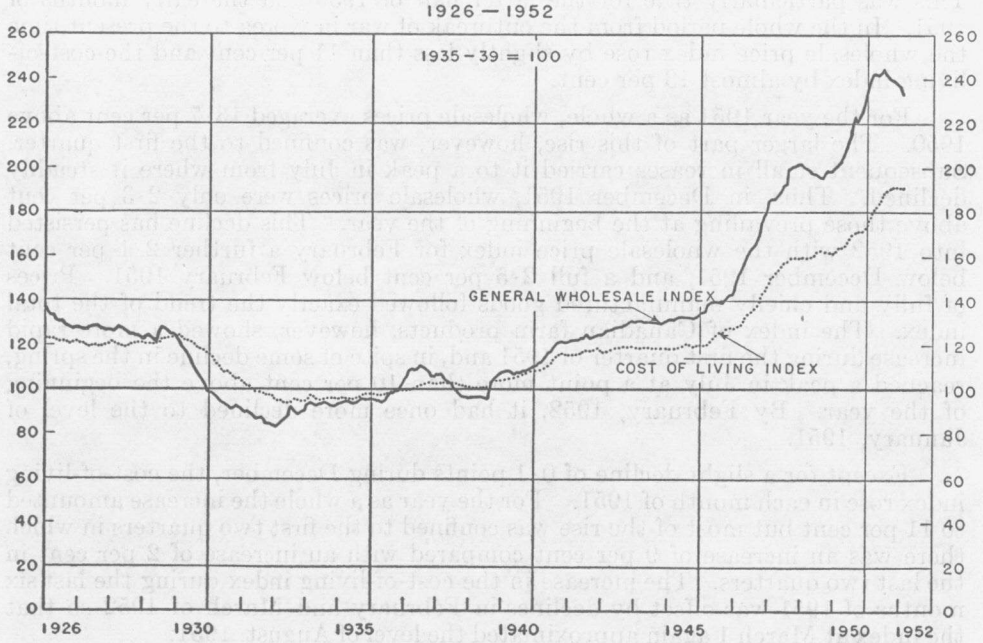


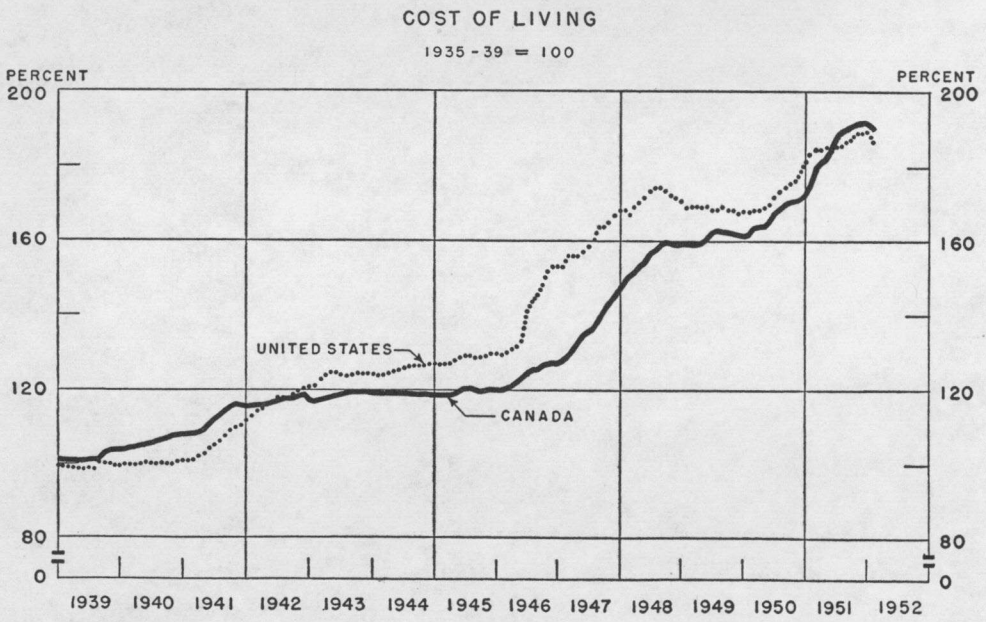
TABLE 15

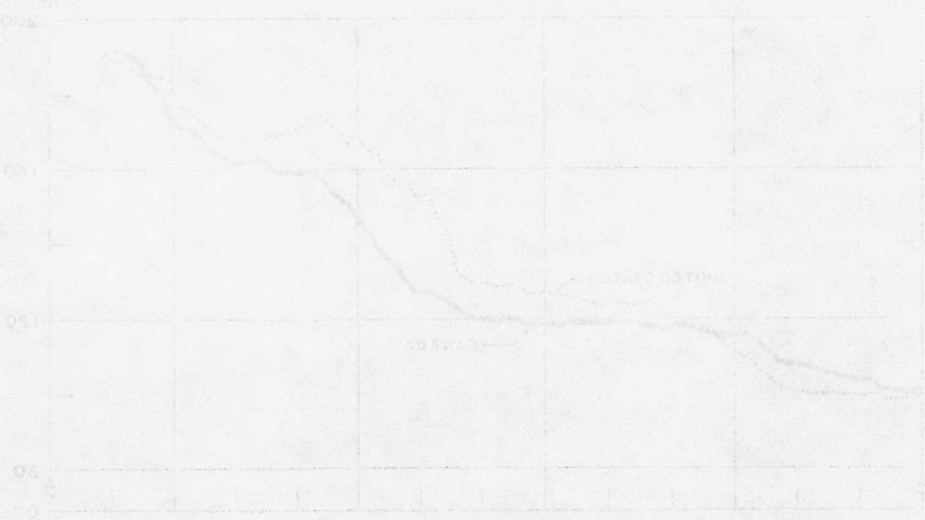
COST OF LIVING INDEXES

(1935-39=100)

	Canada		United States	
	Total	Food	Total	Food
1939	101·5	100·6	99·4	95·2
1940	105·6	105·6	100·2	96·6
1941	111·7	116·1	105·2	105·5
1942	117·0	127·2	116·5	123·9
1943	118·4	130·7	123·6	138·0
1944	118·9	131·3	125·5	136·1
1945	119·5	133·0	128·4	139·1
1946	123·6	140·4	139·3	159·6
1947	135·5	159·5	159·2	193·8
1948	155·0	195·5	171·2	210·2
1949	160·8	203·0	169·1	201·9
1950	166·5	210·9	171·9[1]	204·5[1]
1951	184·5	241·1	185·6	227·4
1951—January	172·5	220·2	181·5	221·9
February	175·2	224·4	183·8	226·0
March	179·7	233·9	184·5	226·2
April	181·8	238·4	184·6	225·7
May	182·0	235·4	185·4	227·4
June	184·1	239·8	185·2	226·9
July	187·6	249·7	185·5	227·7
August	188·9	251·4	185·5	227·0
September	189·8	251·1	186·6	227·3
October	190·4	249·7	187·4	229·2
November	191·2	250·2	188·6	231·3
December	191·1	249·3	189·1	232·2
1952—January	191·5	250·0	189·1	232·4
February	190·8	248·1	187·9	227·5

[1] Adjusted series United States Consumers' Price Index from January, 1950, forward.
Source: Bureau of Labour Statistics.





PART II

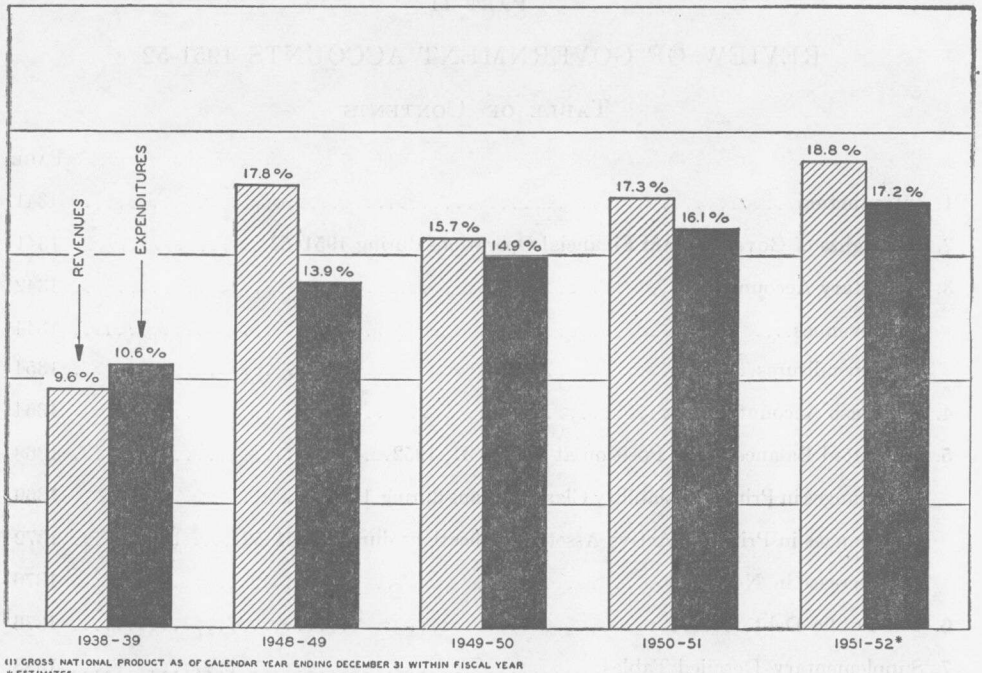
REVIEW OF GOVERNMENT ACCOUNTS 1951-52

TABLE OF CONTENTS

PAGE

1. Introduction 1341
2. Highlights of Governmental Financial Operations during 1951–52 1341
3. Budgetary Accounts 1342
   A. Revenues 1344
   B. Expenditures 1354
4. The Cash Accounts 1364
5. Estimated Balance Sheet Position at March 31, 1952 1368
   A. Changes in Principal Liability Classifications during 1951–52 1369
   B. Changes in Principal Active Asset Classifications during 1951–52 1372
   C. Decrease in Net Debt 1376
6. The Public Debt 1376
7. Supplementary Detailed Tables 1383

BUDGETARY REVENUES AND EXPENDITURES
AS A PERCENTAGE OF GROSS NATIONAL PRODUCT(1)



(1) GROSS NATIONAL PRODUCT AS OF CALENDAR YEAR ENDING DECEMBER 31 WITHIN FISCAL YEAR
* ESTIMATES

PART II

REVIEW OF GOVERNMENT ACCOUNTS 1951-52

1. INTRODUCTION

1. Although the Government's fiscal year ended on March 31st, the books must remain open for several weeks after that date in order to record various adjusting entries and to take into account all payments up to and including April 30th made on account of expenditures originating in, and properly chargeable to, the fiscal year 1951-52. Consequently, as it will be some considerable time before final figures for the year will be available, the figures appearing in this Part must be regarded as preliminary and subject to revision.

2. HIGHLIGHTS OF GOVERNMENTAL FINANCIAL OPERATIONS DURING 1951-52

2. The revenues of the Government for the fiscal year ended March 31, 1952, which are now estimated at $4,003 million, were the largest total on record, and approximately $890 million or 28 per cent more than the total for the preceding year. Expenditures are estimated at $3,647 million, a total which was exceeded only in the four war years 1942-43 to 1945-46 inclusive. On the basis of these figures it would appear that the surplus is probably something in the neighbourhood of $356 million, compared with $211 million for the year ended March 31, 1951. The fiscal year 1951-52 is therefore the sixth consecutive year in which the financial operations of the Government resulted in a budgetary surplus. As a result, the Government's net debt (the excess of total liabilities over total active assets) has been reduced by an equivalent amount. This brings to a total of $2,344 million the amount by which the Government has reduced its net debt during those six years, a reduction approximately equivalent to the amount by which the net debt increased during the first three and one-half years after the outbreak of war in 1939.

3. Although the budgetary surplus for 1951-52 is estimated at $356 million, the Government made loans, advances and other non-budgetary disbursements of about $653 million, and, at the same time, purchased or retired outstanding funded debt in the hands of the public to the extent of some $456 million. The manner in which this has been achieved can only be understood by taking an over-all view of the Government's cash transactions for the fiscal year. As explained in greater detail in the section on "The Cash Accounts", all the Government's cash receipts and disbursements are not reflected in the budgetary accounts, nor do all budgetary transactions result in the inflow or outgo of cash. Substantial amounts are received and paid out for extra-budgetary purposes (such as the loans and advances which the Government is required to make and the transactions in connection with the many superannuation, insurance, pension, annuity and deposit and trust accounts which it has undertaken to hold or administer). On the other hand, a substantial part of the budgetary revenues and expenditures are merely of an accounting or bookkeeping nature and do not result in the receipt or disbursement of cash.

4. As would appear from the foregoing, the Government's estimated budgetary surplus for the fiscal year of $356 million does not reflect the full impact of Government operations upon the Canadian economy. After adjusting the budgetary surplus for non-cash transactions, it is estimated that an amount of $809 million remains. This sum, together with $234 million received from repayments of loans, investments and working capital advances, net insurance, pension and annuity contributions, and other non-budgetary cash receipts, made $1,043 million cash available for making necessary loans, investments and other extra-budgetary outlay. These non-budgetary disbursements are estimated at $653 million and include $200 million advanced to the Minister of Finance Exchange Fund to finance the increase in our foreign exchange reserves consequent upon the flow of investment capital into Canada from abroad; some $95 million used to acquire materials essential to our defence program; approximately $70 million advanced to the Central Mortgage and Housing Corporation for house construction and for housing loans; $139 million loaned to the C.N.R. for capital expenditures on additions and betterments and the acquisition of new rolling stock and equipment, etc.; about $51 million to replace equipment furnished to North Atlantic Treaty countries under section 3 of The Defence Appropriation Act, 1950, and net pension payments of $55 million out of the Old Age Security Fund.

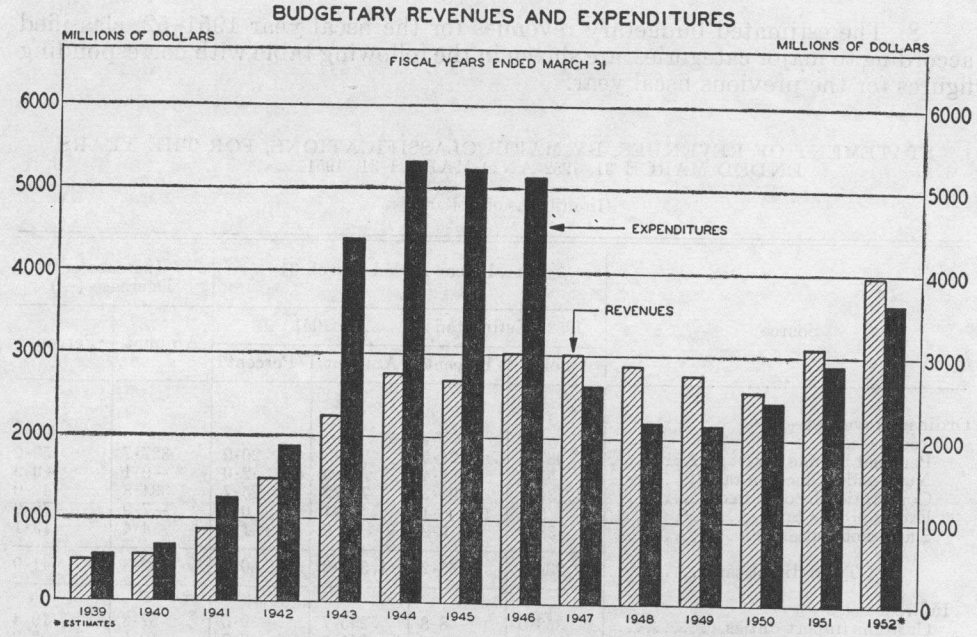
5. After taking into account all these transactions it is now estimated that the cash surplus for the fiscal year amounted to approximately $390 million. By using this amount and by allowing the Government's cash balances to be reduced by $66 million, funded debt amounting to $300 million was retired and securities amounting to $156 million were acquired by the Government (mainly for the Unemployment Insurance Fund and the Securities Investment Account).

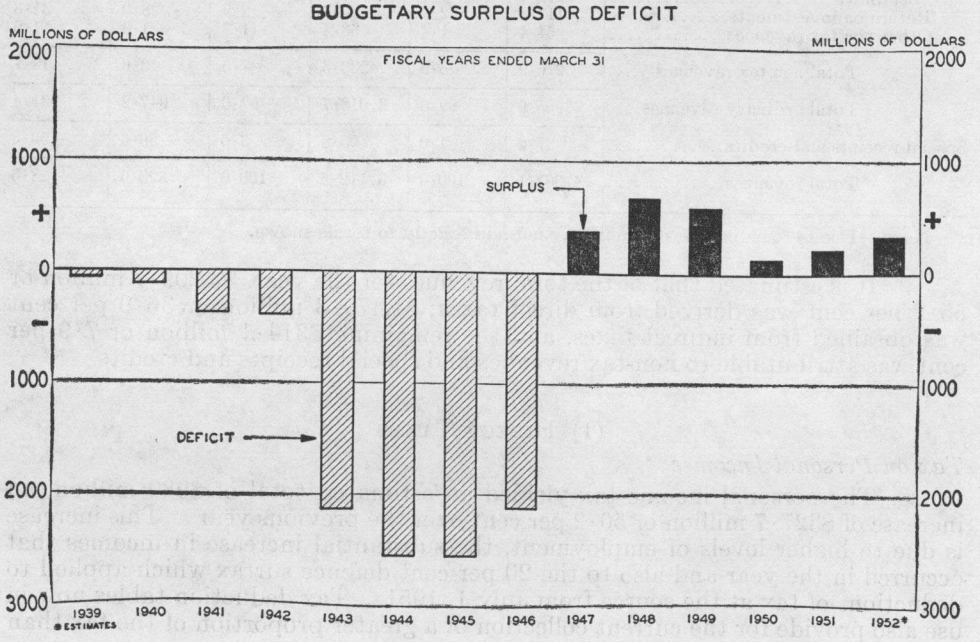
3. THE BUDGETARY ACCOUNTS

6. The table which follows gives a summarized statement of estimated revenues and expenditures and surplus for the fiscal year ended March 31, 1952, with the comparable figures for the four preceding fiscal years:

—	Fiscal Years Ended March 31				
	1948	1949	1950	1951	1952 (Estimated)
	(In millions of dollars)				
Revenues	2,871·7	2,771·4	2,580·1	3,112·5	4,003·1
Expenditures	2,195·6	2,175·9	2,448·6	2,901·2	3,647·4
Surplus	676·1	595·5	131·5	211·3	355·7

7. Total revenues, estimated at $4,003·1 million for 1951–52, are expected to show an increase of $890·6 million over the total for the previous fiscal year. Total expenditures are estimated at $3,647·4 million or $746·2 million more than he corresponding total for 1950–51.


BUDGETARY REVENUES AND EXPENDITURES
MILLIONS OF DOLLARS
FISCAL YEARS ENDED MARCH 31
MILLIONS OF DOLLARS
6000
5000
4000
3000
2000
1000
0
EXPENDITURES
REVENUES
1939
1940
1941
1942
1943
1944
1945
1946
1947
1948
1949
1950
1951
1952*
* ESTIMATES


BUDGETARY SURPLUS OR DEFICIT
MILLIONS OF DOLLARS
FISCAL YEARS ENDED MARCH 31
MILLIONS OF DOLLARS
2000
1000
+
0
−
1000
2000
3000
SURPLUS
DEFICIT
1939
1940
1941
1942
1943
1944
1945
1946
1947
1948
1949
1950
1951
1952*
* ESTIMATES

A. Revenues

8. The estimated budgetary revenues for the fiscal year 1951–52, classified according to major categories, are shown in the following table with corresponding figures for the previous fiscal year.

STATEMENT OF REVENUES, BY MAJOR CLASSIFICATIONS, FOR THE YEARS ENDED MARCH 31, 1952 AND MARCH 31, 1951

(In millions of dollars)

Source	Fiscal Year Ended March 31				Increase or Decrease (−)	
	1952 (Estimated)		1951		Amount	Percent
	Amount	Percent	Amount	Percent		
Ordinary revenues—						
Direct taxes—						
Personal income tax	980·0	24·5	652·3	20·9	327·7	50·2
Non-resident income taxes	55·5	1·4	61·6	2·0	−6·1	−9·9
Corporation income tax	1,134·0	28·3	799·2	25·7	334·8	42·0
Excess profits tax	2·2	0·1	10·1	0·3	−7·9	−78·2
Succession duties	38·0	0·9	33·6	1·1	4·4	13·1
Total direct taxes	2,209·7	55·2	1,556·9	50·0	652·8	41·9
Indirect taxes—						
Customs import duties	353·0	8·8	295·7	9·5	57·3	19·4
Excise duties	222·0	5·5	241·0	7·7	−19·0	−7·9
Excise taxes	899·0	22·5	686·8	22·1	212·2	30·9
Other taxes	5·3	0·1	4·9	0·2	0·4	8·2
Total indirect taxes	1,479·3	36·9	1,228·5	39·5	250·8	20·4
Total tax revenues	3,689·0	92·1	2,785·3	89·5	903·7	32·4
Non-tax revenues—						
Post office	105·0	2·6	90·4	2·9	14·6	16·2
Return on investments	117·5	2·9	89·5	2·9	28·0	31·3
Other non-tax revenues	54·4	1·4	53·4	1·7	1·0	1·9
Total non-tax revenues	276·9	6·9	233·3	7·5	43·6	18·7
Total ordinary revenues	3,965·9	99·0	3,018·7	97·0	947·2	31·4
Special receipts and credits	37·2	1·0	93·8	3·0	−56·6	−60·3
Total revenues	4,003·1	100·0	3,112·5	100·0	890·6	28·6

Note —Due to rounding off, columns may not add exactly to totals shown.

9. It is estimated that of the total revenues for the year, $2,209·7 million or 55·2 per cent was derived from direct taxes; $1,479·3 million or 36·9 per cent was obtained from indirect taxes, and the remaining $314·1 million or 7·9 per cent was attributable to non-tax revenues and special receipts and credits.

(1) Direct Taxes

Tax on Personal Incomes

10. The personal income tax yielded an estimated total of $980 million, an increase of $327·7 million or 50·2 per cent over the previous year. This increase is due to higher levels of employment, the substantial increase in incomes that occurred in the year and also to the 20 per cent defence surtax which applied to deductions of tax at the source from July 1, 1951. Tax deduction tables now in use also provide for the current collection of a greater proportion of the tax than previous tables.

Non-resident Income Taxes

11. Revenues under this heading are derived from withholding taxes on payments of interest, dividends, rents and royalties made to non-residents. The estimated total of $55·5 million collected in 1951–52 is $6·1 million less than in the previous year, a decrease largely due to a lower level of dividend payments to the United States during 1951.

Corporation Income Tax

12. Corporation income tax was again the largest single source of governmental revenue in 1951–52. Collections from this tax are expected to amount to $1,134 million, an increase of $334·8 million or 42 per cent over the corresponding total for the previous year. This increase is attributable to markedly higher profits earned by companies in 1951 and also to the defence surtax which increased the tax payable on 1951 profits in excess of $10,000 by 20 per cent. The 15 per cent tax which companies may pay on their undistributed surplus yielded revenue of about $14 million during the year compared with $87·6 million in the previous fiscal year. (In addition the 2 per cent tax levied under the Old Age Security Act on corporation profits earned after January 1, 1952 yielded an estimated amount of $2 million during 1951–52).

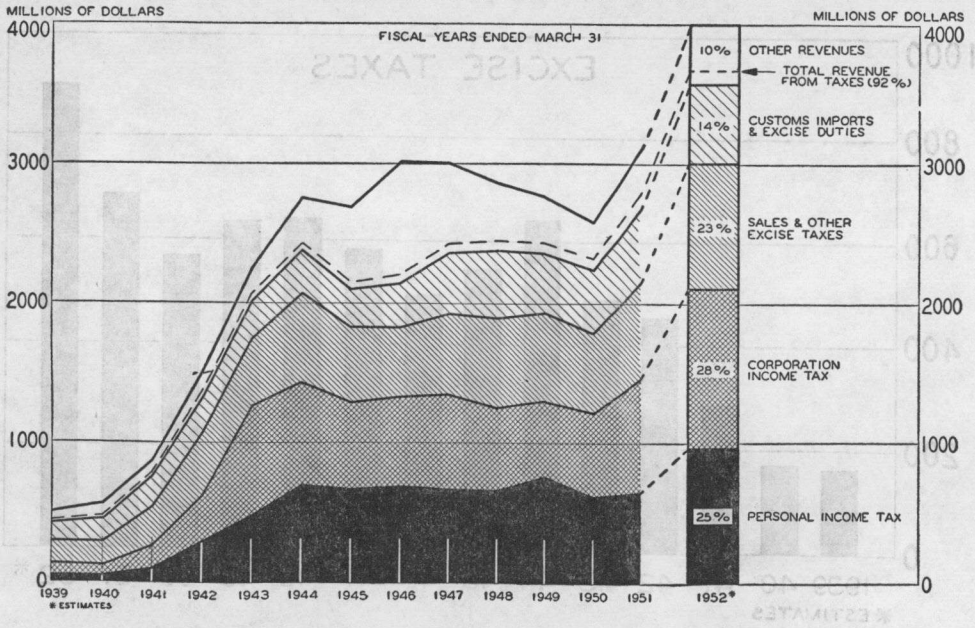
Excess Profits Tax

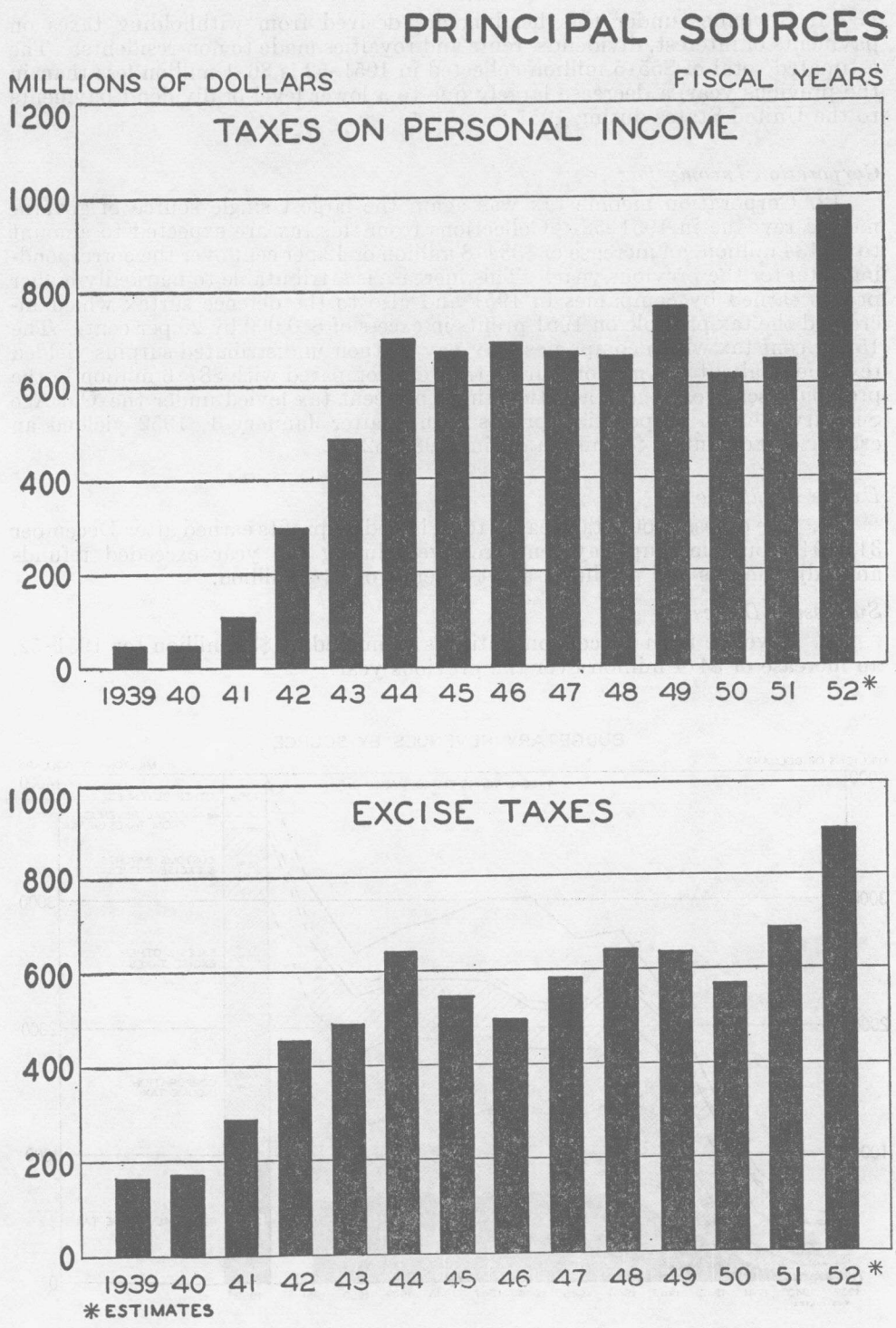
13. The excess profits tax ceased to be levied on profits earned after December 31, 1947, but clean-up payments received during the year exceeded refunds and adjustments and produced a net revenue of $2·2 million.

Succession Duties

14. Revenue from succession duties is estimated at $38 million for 1951–52, an increase of $4·4 million over the previous year.

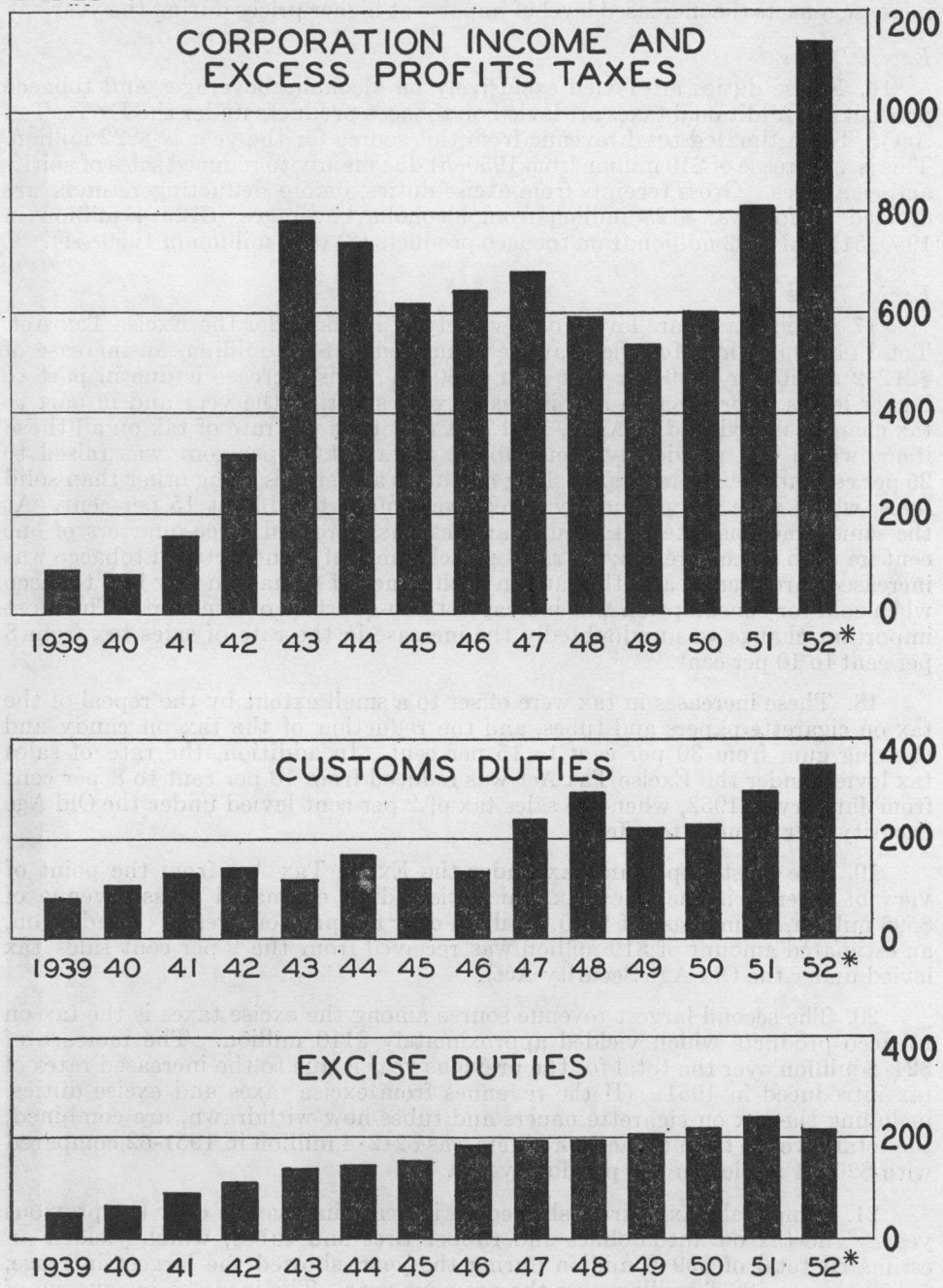
BUDGETARY REVENUES BY SOURCE




PRINCIPAL SOURCES
MILLIONS OF DOLLARS
FISCAL YEARS
TAXES ON PERSONAL INCOME
1200
1000
800
600
400
200
0
1939 40 41 42 43 44 45 46 47 48 49 50 51 52*
EXCISE TAXES
1000
800
600
400
200
0
1939 40 41 42 43 44 45 46 47 48 49 50 51 52*
*ESTIMATES

OF TAX REVENUES

ENDED MARCH 31 MILLIONS OF DOLLARS



(2) Indirect Taxes

Customs Import Duties

15. Net revenue from customs import duties for the year is estimated at $353 million, an increase of $57·3 million over the total for 1950–51. This increase reflects the increased level of imports at higher prices during the year.

Excise Duties

16. Excise duties are levied exclusively on alcoholic beverages and tobacco products. (Additional taxes are levied on tobacco products under the Excise Tax Act). The estimated total revenue from this source for the year is $222 million. This is a decrease of $19 million from 1950–51 due mainly to reduced sales of spirits and cigarettes. Gross receipts from excise duties, before deducting refunds, are divided as follows: $123 million from alcoholic beverages ($129·4 million in 1950–51) and $102 million from tobacco products ($114·5 million in 1950–51).

Excise Taxes

17. Excise taxes are levied on a variety of items under the Excise Tax Act. Total net collections for the year are estimated at $899 million, an increase of $212·2 million or 30·9 per cent over 1950-51. This increase is due in part to higher levels of production and increased prices during the year and in part to tax changes introduced in April, 1951. At that time the rate of tax on all those items which had previously been subject to tax at 15 per cent was raised to 25 per cent and refrigerators, washing machines and stoves using other than solid fuels, which were not previously taxed, were made taxable at 15 per cent. At the same time, the rate of tax on cigarettes was increased three-quarters of one cent for each five cigarettes; the rate on each ounce of manufactured tobacco was increased three cents; and the rate on each ounce of Canadian raw leaf tobacco when sold for consumption was increased three-quarters of one cent. The most important change was undoubtedly the increase in the rate of sales tax from 8 per cent to 10 per cent.

18. These increases in tax were offset to a small extent by the repeal of the tax on cigarette papers and tubes, and the reduction of the tax on candy and chewing gum from 30 per cent to 15 per cent. In addition, the rate of sales tax levied under the Excise Tax Act was reduced from 10 per cent to 8 per cent from January 1, 1952, when the sales tax of 2 per cent levied under the Old Age Security Act came into effect.

19. The most important tax under the Excise Tax Act from the point of view of revenue is the sales tax which yielded an estimated gross revenue of $596 million, an increase of $125.4 million over the previous year. (In addition, an estimated amount of $19 million was received from the 2 per cent sales tax levied under the Old Age Security Act).

20. The second largest revenue source among the excise taxes is the tax on tobacco products which yielded approximately $110 million. The increase of $24·8 million over the total for the previous year is due to the increased rates of tax introduced in 1951. (If the revenues from excise taxes and excise duties, including the tax on cigarette papers and tubes now withdrawn, are combined, the total revenue from tobacco products was $212·4 million in 1951-52 compared with $207·4 million in the previous year).

21. Almost all tax sources showed an increase in revenue over the previous year. The tax on automobiles and rubber tires and tubes, which yielded an estimated total of $99·6 million during the year, showed the largest increase, amounting to $28·8 million over the previous year. The increase in revenue of $11·8 million from the tax on soft drinks occurs because this tax was in effect for all of 1951-52 but for less than eight months in 1950-51.

22. The tax sources showing the largest increases, and the amount of the increase in each case, are given below.

—	Estimated increase over 1950–51
	$
Automobiles, rubber tires and tubes	28,800,000
Cigars, cigarettes and tobacco	24,800,000
Beverages (soft drinks)	11,800,000
Toilet preparations and soaps	3,800,000
Jewellery, ornaments, etc.	3,500,000
Phonographs, radios and tubes	3,200,000

Other Indirect Taxes

23. Small amounts of tax revenue were derived from the tax on the net premium income of insurance companies ($4·5 million); from a tax on the export of electric energy from Canada ($0·7 million); and from a tax on the export of furs from the Northwest Territories ($0·1 million). Total revenue from all these sources in 1951-52 is estimated at $5·3 million, an increase of $0·4 million over the previous year.

(3) Non-Tax Revenues

24. Non-tax revenues for 1951-52 are estimated at $276·9 million, an increase of $43·6 million over the 1950-51 total. The following table presents a comparative summary of revenues under this heading for the past two years:

—	Fiscal year ended March 31		Increase or Decrease (−)
	1952 (Estimated)	1951	
	(In millions of dollars)		
Post Office	105·0	90·4	14·6
Return on investments	117·5	89·5	28·0
Premium, discount and exchange	12·0	17·6	−5·6
Bullion and coinage	4·5	4·7	−0·2
Privileges, licences and permits	10·5	10·1	0·4
Proceeds from sales	4·7	4·1	0·6
Services and service fees	15·5	12·6	2·9
Refunds of previous years' expenditures	5·2	2·1	3·1
Miscellaneous	2·0	2·2	−0·2
Total non-tax revenue	276·9	233·3	43·6

25. Gross Post Office receipts for 1951-52 are expected to amount to $124 million. After making authorized disbursements from revenue of $19 million for salaries and rent allowances at semi-staff and revenue offices, commissions at sub-offices, transit charges on Canadian mail forwarded through or delivered in foreign countries, etc., net post office receipts credited to budgetary revenues are estimated at $105 million. This would represent an increase of $14·6 million

over the corresponding amount for 1950-51, due primarily to the new postal rates which came into effect on July 1, 1951. As costs of operating the Post Office during 1951-52 (excluding the $19 million charged to revenue) are expected to total $98·1 million, net revenue will exceed net costs by approximately $6.9 million. However, in making this comparison it is to be noted that the total shown for Post Office revenues does not reflect the value of services rendered free of charge to other departments, nor does the total shown for operating expenses reflect any charges for premises owned by the Government and occupied by the Post Office Department or for certain accounting and miscellaneous services provided by other departments.

26. Return on investments is expecte to yield $117·5 million, compared with the total of $89·5 million received in 1950-51. This increase of $28 million is due principally to the first payment of interest on the loan to the United Kingdom under the United Kingdom Financial Agreement Act, 1946, amounting to $23·7 million, and to increases of $4·3 million in the profits of the Bank of Canada for the calendar year, $2·5 million in interest on Central Mortgage and Housing Corporation debentures, and $1·7 million in interest on advances to the Canadian National Railways. These were offset in part by decreases of $2·2 million in the revenues from the Foreign Exchange Control Board and $2·2 million in interest on loans to foreign governments under Part II of The Export Credits Insurance Act.

27. A comparative summary of estimated receipts during 1951-52 with actual receipts during 1950-51 under this heading is given in the following table:

Interest or dividends on	Fiscal year ended March 31		Increase or Decrease (−)
	1952 (Estimated)	1951	
	(In millions of dollars)		
Loans to, and investments in, Crown agencies—			
Bank of Canada	24·2	19·9	4·3
Foreign Exchange Control Board	12·6	14·8	−2·2
Canadian National Railways	23·5	21·8	1·7
Central Mortgage and Housing Corporation	7·1	4·6	2·5
National Harbours Board	4·5	4·3	0·2
Other Crown agencies	1·2	2·2	−1·0
	73·1	*67·6*	*5·5*
Other loans and investments—			
United Kingdom	23·7	.....	23·7
Other National Governments	13·3	15·9	−2·6
Provincial and Municipal Governments	1·1	1·3	−0·2
Soldier and General Land Settlement Loans and Veterans Land Act Advances	4·4	3·8	0·6
Securities Investment Account	0·9	0·1	0·8
Other loans and investments	1·0	0·8	0·2
	44·4	*21·9*	*22·5*
	117·5	89·5	28·0

28. The amount credited as premium, discount and exchange in 1951-52 is estimated at $12 million compared with a credit of $17·6 million in 1950-51.

29. This revenue item was due mainly to bookkeeping adjustments in asset and liability accounts reflecting a reduction in U.S. dollar and sterling exchange rates from those operative in the fiscal year 1950-51.

30. The Canadian dollar equivalent of outstanding debt payable in sterling and in United States dollars was reduced in consequence of this revaluation by $20·4 million offset by $2·1 million reduction in assets payable in the same currencies. The result was a net credit in the premium, discount and exchange account of $18·3 million. Net differences in rates on gold and foreign exchange transactions further reduced the credit of $18·3 million by $6·3 million resulting in a net revenue item of $12 million.

(4) Special Receipts and Credits

31. The total of special receipts and credits for the fiscal year 1951–52 is estimated at $37·2 million as compared with total receipts of $93·8 million for the preceding year. The following table presents a comparative summary of the principal sources of special receipts and other credits for the last two years:

—	Fiscal year ended March 31		Increase or Decrease (—)
	1952 (Estimated)	1951	
	(In millions of dollars)		
Sale of surplus Crown assets	13·8	19·6	—5·8
Refundable portion of excess profits tax—transfer to revenue of excess reserve set up in previous years	5·8	25·0	—19·2
Central Mortgage and Housing Corporation—surplus and proceeds from the sale of Wartime Housing properties	12·5	7·3	5·2
Balance of Canadian Sugar Stabilization Corporation's price stabilization contingency reserve transferred to revenue	—	18·7	—18·7
Military relief and currency credits arising from war settlements	2·7	9·3	—6·6
Amount received in connection with operation of Park Steamships Limited	1·0	1·8	—0·8
Refunds in connection with cost audits and re-negotiation of war contracts	0·7	3·6	—2·9
Sundry other special receipts and credits	0·7	8·5	—7·8
	37·2	93·8	—56·6

32. The amount of $13·8 million realized from the disposal of surplus Crown assets represents the estimated receipts during the fiscal year from Crown Assets Disposal Corporation after allowing for transfers to active assets of amounts applicable to "Balances receivable under agreements of sale of Crown assets". It does not include the residual cash balances or the value of accounts receivable carried by the Corporation as at March 31, 1952.

33. The amount of $5·8 million represents a transfer to revenue of the amount now estimated to be in excess of requirements in respect of the final refundable portion of excess profits tax which was set up as a reserve in previous years.

34. The estimated amount of $12·5 million received from Central Mortgage and Housing Corporation represents surplus funds in excess of the $5 million reserve established by the Corporation and the proceeds of the sale of Wartime Housing properties.

(5) Comparison of Actual Revenue with Budget Forecast

35. Total revenues as now estimated for the year 1951–52 will be about $292 million more than the forecast made in the budget speech of April 10, 1951. This represents an excess over the amount forecast of less than 8 per cent. Revenues from excise duties, excise taxes (other than sales tax), non-resident income taxes, succession duties and special receipts and credits were below the amounts forecast but the revenues from personal income tax, corporation income tax, customs duties and non-tax revenue exceeded expectations by a considerable margin. In making this comparison the revenue from the 2 per cent sales tax levied under the Old Age Security Act after January 1, 1952, is included with the estimate of revenue actually collected because the budget forecast was based on the assumption that the sales tax would remain at 10 per cent throughout 1951-52. The revenue collected from the 2 per cent Old Age Security Tax on corporation profits after January 1, 1952, is excluded because it was not part of the budget forecast. The following table shows in detail the extent to which actual revenues were different from the budget forecast.

DETAILED STATEMENT OF BUDGET FORECAST COMPARED WITH ACTUAL REVENUE FOR 1951–52

(In millions of dollars)

Source of Revenue	Budget Forecast of Revenue	Actual Revenue (Estimated)	Increase or Decrease (−) in Revenue as compared with Budget Forecast
	$	$	$
Personal Income Tax	870·0	980·0	110·0
Non-resident Income Taxes	60·0	55·5	−4·5
Corporation Income Tax	976·0	1,134·0*(a)*	158·0
Excess Profits Tax	—	2·2	2·2
Succession Duties	40·0	38·0	−2·0
Customs Import Duties	315·0	353·0	38·0
Excise Duties	245·0	222·0	−23·0
Sales Tax (net)	600·0	602·0*(b)*	2·0
Other Excise Taxes	327·0	316·0	−11·0
Miscellaneous	5·0	5·3	0·3
Total Tax Revenue	3,438·0	3,708·0*(a)(b)*	270·0
Non-Tax Revenue	242·0	276·9	34·9
Total Ordinary Revenue	3,680·0	3,984·9*(a)(b)*	304·9
Special Receipts	50·0	37·2	−12·8
Grand Total Revenue	3,730·0	4,022·1*(a)(b)*	292·1

(a) Excluding $2 million revenue from Old Age Security 2 per cent tax on corporation profits.
(b) Including $19 million revenue from Old Age Security 2 per cent sales tax.

36. In the Budget Speech of April 10, 1951, it was stated that on the revenue side the forecast of $3,730 million was based on the expectation that the Gross National Product would reach $20 billion, but it was indicated that should production and incomes rise beyond that level, as well they might, the forecast would be more than realized, but should they go not quite that high the revenues could fall short of the estimates then submitted. In fact, as it turned out, profits, incomes and imports were all at levels higher than expected and the Gross National Product reached a total of $21·2 billion in 1951, exceeding by 6 per cent the estimate of $20 billion on which the budget forecasts were based.

37. The forecast of revenue from personal income tax was based on an anticipated increase of about 12 per cent in salary and wages during the year. Salaries and wages increased by approximately 17 per cent and this in conjunction with the higher level of Gross National Product resulted in the deductions of income tax from salaries and wages exceeding the forecast by a substantial amount.

38. The actual receipts from taxes on interest, dividends, rents, and royalties going to non-residents fell short of the budget forecast which was based on receipts in the previous year.

39. Revised estimates of 1950 corporate profits now indicate that preliminary estimates available at the time of the Budget last year were about 12 per cent too low. Despite difficulties encountered in some secondary industries, disturbances in output arising during the year from the shift to defence production and curtailment of essential materials were not generally serious and for the majority of corporations production continued at full, or nearly full, capacity. These factors plus the higher than expected level of Gross National Product and the coming into operation of new plant and equipment as a result of the large capital investment in recent years resulted in corporation profits for 1951 exceeding the amount expected at the time of the forecast by about 15 per cent.

40. Revenue from succession duties did not quite reach the amount forecast. Rising property values and higher stock market prices had been expected to raise the value of estates to a greater extent than actually occurred.

41. In forecasting revenue from customs duties it was expected that the value of imports into Canada would increase about 10 per cent in 1951-52. Stimulated by the high level of purchasing power in Canada, the large capital investment programme, and the increasing value of the Canadian dollar abroad, the value of imports into Canada increased by nearly 20 per cent in the year. This resulted in the revenue from customs duties exceeding the forecast and reaching a total far in excess of any previous year in Canada's history.

42. The actual revenue from excise duties in 1951-52 fell well below the budget forecast because of a short fall of 24 per cent in the revenue from matured spirits and of 14 per cent in the revenue from the tax on cigarettes. (See paragraph 20 for the total yield of excise taxes and excise duties on tobacco products).

43. The estimate of revenue from the sales tax proved to be very accurate with the actual receipts being practically the same as the amount forecast.

44. The revenue from other excise taxes fell short of the amount forecast by about $11 million. This was more than accounted for by the fact that the additional revenue from the increased tax on tobacco products was about $10 million less than expected, and that the revenue from the new tax on stoves, washing machines and refrigerators was also about $5 million short of the $16 million expected at the time of the Budget.

45. The excess of non-tax revenue receipts over the budget forecast is partly due to the amount of $12 million for premium, discount and exchange arising chiefly from a revaluation of the Government's sterling and United States dollar assets and liabilities from exchange rates used in operations in the previous year. Receipts under the heading "Return on Investments" were also higher than expected mainly because of increased profits of the Bank of Canada for the calendar year 1951.

46. It is never possible to estimate revenue from special receipts and credits in advance with any degree of accuracy and the arbitrary budget forecast of $50 million for 1951-52 proved to be too large.

B. Expenditures

47. In previous years it has been customary to present a comparison by major categories of the expenditures for the current fiscal year with those of the previous year. In the accounts and estimates for the year under review the categories "capital expenditures", "special expenditures", "Government-owned enterprises" and "other charges" have been eliminated, and the items formerly appearing under these headings have been included under the headings of the appropriate departments. Consequently, to compare satisfactorily the expenditures of the two years, the expenditures for 1950-51 have also been adjusted to this basis.

48. The table which follows presents a comparative summary of estimated expenditures for 1951-52 with actual expenditures for the preceding fiscal year classified by departments and principal purposes.

STATEMENT OF EXPENDITURES BY DEPARTMENTS AND MAJOR CLASSIFICATIONS FOR THE YEARS ENDED MARCH 31, 1952 AND MARCH 31, 1951

(In millions of dollars)

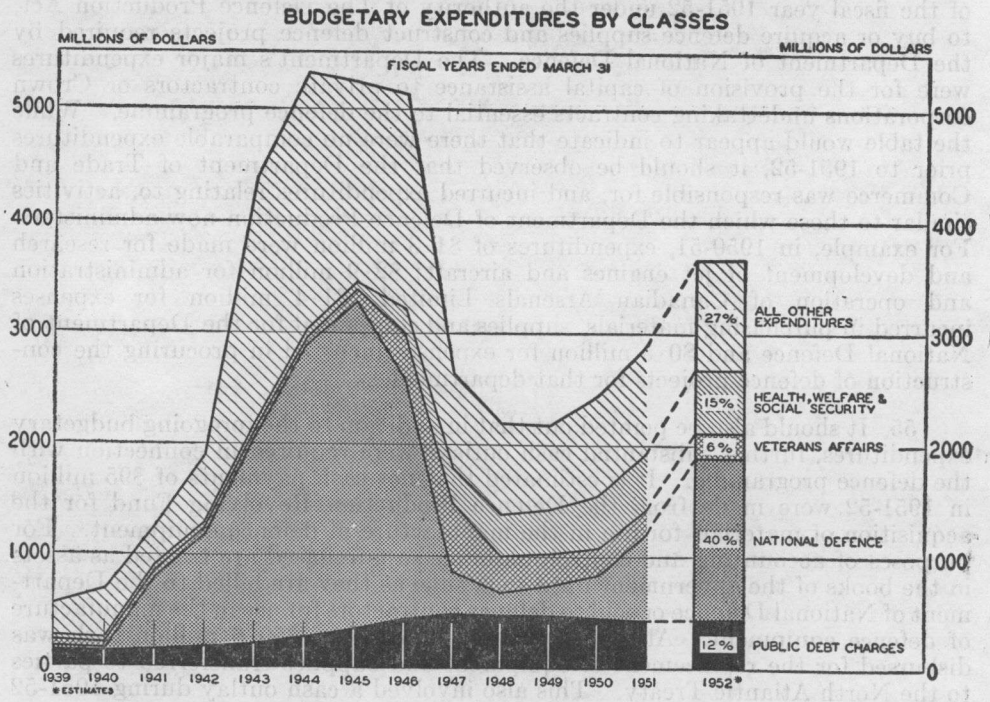
—	Fiscal Year Ended March 31				Increase or Decrease (−)	
	1952 (Estimated)		1951			
	Amount	Per cent	Amount	Per cent	Amount	Per cent
National Defence	1,401·0	38·4	782·4	27·0	618·6	79·0
Defence Production	39·7	1·1	.....	.....	39·7	.....
Public Debt Charges—						
Interest on Public Debt	430·7	11·8	425·2	14·6	5·5	1·3
Other Debt Charges	11·1	0·3	13·8	0·5	−2·7	−19·6
	441·8	*12·1*	*439·0*	*15·1*	*2·8*	*0·6*
Provincial Subsidies and Tax Rental Payments (including Transitional Grant to Newfoundland)	127·2	3·5	123·9	4·3	3·3	2·7
Government contributions to Superannuation Account	110·9	3·0	81·8	2·8	29·1	35·6
Provision for reserve for possible losses on ultimate realization of active assets	75·0	2·1	75·0	2·6	.....	.....
Family Allowances	320·5	8·8	309·5	10·7	11·0	3·6
Old Age Pensions and Pensions to Blind Persons	83·5	2·3	103·2	3·6	−19·7	−19·1
Deficit—Old Age Security Fund	55·0	1·5	.....	.....	55·0	.....
Unemployment Insurance Act— Administration and Government Contribution	54·2	1·5	52·9	1·8	1·3	2·5
Agriculture	66·9	1·8	142·8	4·9	−75·9	−53·2
Citizenship and Immigration	23·4	0·6	20·7	0·7	2·7	13·0
External Affairs	38·1	1·0	22·1	0·8	16·0	72·4
Finance	29·1	0·8	32·8	1·2	−3·7	−11·3
Mines and Technical Surveys	27·5	0·8	21·1	0·7	6·4	30·3
National Health and Welfare	46·0	1·3	36·2	1·2	9·8	27·1
National Research Council and Atomic Energy Control Board	25·1	0·7	18·0	0·6	7·1	39·4
National Revenue	45·8	1·3	46·1	1·6	−0·3	−0·6
Post Office	98·1	2·7	91·8	3·2	6·3	6·9
Public Works	76·6	2·1	73·6	2·5	3·0	4·1
Resources and Development	31·9	0·9	28·9	1·0	3·0	10·4
Royal Canadian Mounted Police	27·5	0·8	19·8	0·7	7·7	38·9
Trade and Commerce	22·1	0·6	27·3	0·9	−5·2	−19·0
Transport	102·1	2·8	85·1	2·9	17·0	20·0
Veterans Affairs	216·0	5·9	216·4	7·5	−0·4	−0·2
Other Departments	62·4	1·7	50·8	1·8	11·6	22·8
Grand Total	3,647·4	100·0	2,901·2	100·0	746·2	25·7

National Defence and Defence Production

49. A more complete picture of Canada's expenditures for defence can be seen by considering together the expenditures of the Departments of National Defence and Defence Production. By adding to the estimated expenditures of $1,401 million for the Department of National Defence the sum of $39·7 million being the estimated outlay for the Department of Defence Production, there results a total of $1,440·7 million for defence, an increase of $658·3 million over the previous year. This constitutes approximately 40 per cent of all government expenditures for the fiscal year, making defence by a considerable margin, the largest class of government expenditure.

50. The following table shows a comparative summary of expenditures for the two departments for the last two fiscal years:

	Fiscal Year Ended March 31		Increase or Decrease (−)
	1952 (Estimated)	1951	
	(In millions of dollars)		
Department of National Defence—			
Army, Navy and Air Services	1,205·8	545·7	660·1
Defence Research and Development	34·0	23·4	10·6
Pensions—Defence Services Pension Act	5·1	5·0	0·1
Government contribution to Permanent Services Pension Account	30·7	12·0	18·7
Defence Appropriation Act 1950, Sec. 3	125·1	195·4	−70·3
General	0·3	0·9	−0·6
	1,401·0	*782·4*	*618·6*
Department of Defence Production—			
Capital Assistance	29·9	.....	29·9
Administration and General	9·8	.....	9·8
	39·7	.....	*39·7*
Total National Defence and Defence Production	1,440·7	782·4	658·3



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51. The estimated expenditures of $1,205·8 million for the Army, Navy and Air Services represent an increase of $660·1 million over the total of $545·7 million for 1950-51, reflecting the gathering momentum of the defence programme. Expenditures for Defence Research and Development are expected to amount to $34 million for 1951-52 compared with $23·4 million for 1950-51, an increase of $10·6 million.

52. The Government's contribution to the Permanent Services Pension Account for 1951-52 is estimated at $30·7 million or $18·7 million more than the corresponding amount for the previous year. Of the total, $16·7 million represents a government contribution equivalent to one and two-thirds times the current contributions by permanent services personnel, while $14 million relates to contributions for arrears.

53. Expenditures under the authority of the Defence Appropriation Act, 1950, section 3, are expected to amount to $125·1 million, or $70·3 million less than the total of $195·4 million for 1950-51. In 1950-51 under the provisions of this section of the Act, existing defence equipment and supplies were transferred to parties to the North Atlantic Treaty. The value of the equipment and supplies transferred was charged to this appropriation on the basis of the estimated present value, and an equivalent amount was credited to a special Defence Equipment Replacement Account from which payment might be made when replacements for such transfers were obtained for the Canadian Forces. The estimated expenditure of $125·1 million for 1951-52 consists of approximately $73 million for existing equipment and supplies transferred to North Atlantic Treaty countries and $52 million for direct cash outlays for mutual aid by the Government of Canada, representing costs incurred in the training in Canada of air crews from allied countries and for acquiring and supplying new military equipment to parties to the North Atlantic Treaty.

54. The Department of Defence Production was established at the beginning of the fiscal year 1951-52 under the authority of The Defence Production Act, to buy or acquire defence supplies and construct defence projects required by the Department of National Defence. The Department's major expenditures were for the provision of capital assistance to private contractors or Crown corporations undertaking contracts essential to the defence programme. While the table would appear to indicate that there were no comparable expenditures prior to 1951-52, it should be observed that the Department of Trade and Commerce was responsible for, and incurred expenditures relating to, activities similar to those which the Department of Defence Production now administers. For example, in 1950-51, expenditures of $1·3 million were made for research and development of jet engines and aircraft; $2·9 million for administration and operation of Canadian Arsenals Limited; $1·4 million for expenses incurred in purchasing materials, supplies and equipment for the Department of National Defence and $0·5 million for expenses incurred in procuring the construction of defence projects for that department.

55. It should also be pointed out that in addition to the foregoing budgetary expenditures, further substantial cash outlays were required in connection with the defence programme. It is estimated that net cash payments of $95 million in 1951-52 were made from the Defence Production Revolving Fund for the acquisition of materials for use in the manufacture of defence equipment. For purposes of accounting and control materials so purchased are treated as assets in the books of the government until such time as they are billed to the Department of National Defence or sold to defence contractors for use in the manufacture of defence equipment. Also an estimated amount of $50·6 million cash was disbursed for the replacement of equipment and supplies transferred to parties to the North Atlantic Treaty. This also involved a cash outlay during 1951-52

which was not reflected in the budgetary expenditures for the year under review. Instead it was charged to the special Defence Equipment Replacement Account which was credited with the estimated value of the original equipment and supplies when these were transferred to the recipient governments.

Public Debt Charges

56. Public debt charges again constituted the second largest single item of government expense. The estimated total for 1951-52 is $441·8 million or 12·1 per cent of all expenditures compared to $439 million or 15·1 per cent for 1950-51, an increase of $2·8 million.

57. Interest on public debt, estimated at $430·7 million, is $5·5 million greater than the previous year. Interest on deposit and trust accounts increased by only $0·2 million during the year but insurance, pension and guaranty accounts continued to increase substantially and as a result interest allowed on these accounts in 1951-52 was $6·4 million more than in 1950-51. Of this increase $2·4 million was for interest on the government annuities account, $0·6 million on the Permanent Services Pension Account, and $3·3 million on the Civil Service Superannuation Account.

58. Interest on funded debt payable in Canada showed a slight increase of $0·5 million, largely attributable to increased rates on short-term issues, while interest on debt payable in New York, amounting to $10·8 million, was $1·5 million less than during the previous year. This decrease was due mainly to the redemption of the $100 million 4 per cent 1930-60 New York loan which was called as of October 1, 1950, and replaced by the $50 million $2\frac{3}{4}$ per cent 1950-75 loan.

59. Other public debt charges including the annual amortization of bond discounts and commissions, the cost of issuing new loans (not amortized) and other miscellaneous expenses incurred in servicing the public debt are estimated at $11·1 million for 1951-52 as compared to $13·8 million for 1950-51, a decrease of $2·7 million.

60. The following table presents a summary of public debt charges for 1951-52 and the corresponding figures for the previous year:

—	Fiscal Year Ended March 31		Increase or Decrease(−)
	1952 (Estimated)	1951	
	(In millions of dollars)		
Interest on Public Debt—			
Funded Debt and Treasury Bills—			
Payable in Canada	376·5	376·0	0·5
Payable in London	1·7	1·8	−0·1
Payable in New York	10·8	12·3	−1·5
	389·0	*390·1*	*−1·1*
Deposit and Trust Accounts	3·0	2·8	0·2
Insurance, Pension and Guaranty Accounts	38·7	32·3	6·4
Total Interest on Public Debt	430·7	425·2	5·5
Annual amortization of bond discounts and commissions	9·7	12·5	−2·8
Servicing of Public Debt	0·3	0·4	−0·1
Cost of Issuing New Loans	1·1	0·9	0·2
Total Public Debt Charges	441·8	439·0	2·8

Subsidies and Tax Rental Payments to Provinces

61. Payments to provinces during 1951-52 for statutory subsidies, the transitional grant to Newfoundland, rentals under the Tax Rental Agreements, and the transfer of certain public utility tax receipts, amounted to $127·2 million as compared with $123·9 million in 1950-51. A comparative summary of the payments for the two years is given in the following table:

	Fiscal Year Ended March 31		Increase or Decrease(−)
	1952 (Estimated)	1951	
	(In millions of dollars)		
Statutory subsidies	20·1	18·7	1·4
Transitional grant to Newfoundland	6·5	6·5	
Rentals under Tax Rental Agreements	96·9	94·1	2·8
Transfer of certain public utility tax receipts (sec. 7, Chap. 58, Statutes of Canada, 1947)	3·7	4·6	−0·9
	127·2	123·9	3·3

62. Statutory subsidy payments in 1951-52 were based on the 1951 census totals of population, while in 1950-51 payments were calculated on the basis of population according to the 1941 census or in the case of the three prairie provinces, the 1949 estimates. The increase in subsidy payments of $1·4 million reflects the increase in population as recorded in the 1951 census.

63. Payments under the tax rental agreements increased by a net amount of $2·8 million, reflecting the appropriate adjustment in the relevant ratios of population and estimates of gross national product on which the payments are based. Under the provisions of the Dominion-Provincial Tax Rental Agreements Act the Government of Canada collects provincial 5 per cent corporation taxes for the seven provinces participating in the 1947 agreements. Although levied by the provinces, these taxes are administered and collected by the Government of Canada and the proceeds thereof, when finally assessed, are paid to the provinces in lieu of an equivalent (or approximately equivalent) portion of the stipulated tax rental. Gross payments required under the tax agreements increased by $10·5 million, but as the payments to the provinces out of the provincial 5 per cent corporation tax suspense account amounted to $7·7 million more than similar payments made in 1950-51, the net increase was reduced to $2·8 million.

64. There was a decrease of $0·9 million in payments of public utility tax receipts. Section 7 of the Dominion-Provincial Tax Rental Agreements Act, 1947, authorized the payment to the provinces, whether participating in the agreements or not, of a portion of the taxes collected from corporations, whose main business was the distribution to, or the generation for the distribution to, the public of electrical energy, gas or steam.

65. A summary of payments, by provinces, during 1951-52 is given in the following table:

—	Statutory Subsidies	Rentals under Tax Rental Agreements	Transfer of certain public utility tax receipts	Transitional Grant	Total
	(In millions of dollars)				
Newfoundland	1·6	7·7	0·1	6·5	15·9
Nova Scotia	2·1	12·6	0·1	—	14·8
Prince Edward Island	0·7	2·2	(1)	—	2·9
New Brunswick	1·7	9·4	0·2	—	11·3
Quebec	3·3	—	0·5	—	3·8
Ontario	3·6	—	0·6	—	4·2
Manitoba	1·7	14·6	0·3	—	16·6
Saskatchewan	2·0	16·5	(1)	—	18·5
Alberta	2·1	14·8	0·8	—	17·7
British Columbia	1·3	19·1	1·0	—	21·4
	20·1	96·9	3·7	6·5	127·2

(1) Less than $50,000.

Government Contributions to the Civil Service Superannuation Account

66. Amounts totalling $110·9 million were transferred to the civil service superannuation account in 1951-52, an increase of $29·1 million over the Government's total contributions in 1950-51.

67. In 1951-52, as in the previous fiscal year, an amount of $75 million was credited to the account as a special government contribution of a portion of the amount by which the liabilities as estimated by the actuaries exceeded the balance in the account. In addition, $23 million, being the additional liability due to the upward revision of civil service salaries effective December 1, 1951, has been transferred to the account.

68. The remaining $12·9 million represents a government contribution of an amount equal to the estimated payments by individual contributors in the previous year on account of current and prior service. This increase of $6·1 million over the contribution of $6·8 million in 1950-51 is due, mainly to the fact that in previous years the Government has matched only the current contributions of individual contributors.

69. For a more complete explanation of transactions affecting this account, see the comments on "Insurance, Pension and Guaranty Accounts" in the section on the "Estimated Balance Sheet Position at March 31, 1952."

Provision for reserve for possible losses on ultimate realization of active assets

70. An amount of $75 million was again transferred to the general reserve for possible losses on the ultimate realization of active assets with a corresponding amount being shown as an expenditure in the Government's accounts. There was no charge or write-off to the reserve during the fiscal year. The balance at March 31, 1952 was $470·9 million which is equivalent to approximately 7 per cent of the aggregate active assets.

Family Allowances, Old Age Pensions and Pensions to Blind Persons

71. Payments for family allowances are estimated at $320·5 million for 1951-52 representing approximately 8·8 per cent of the total expenditures for the fiscal year. The estimated increase of $11 million over the previous year is attributable to the natural increase in population in the eligible age groups.

72. Payments in respect of old age and blind pensions for 1951-52 (excluding pensions paid from the Old Age Security Fund) are estimated at $83·5 million resulting in a decrease of $19·7 million from the total of $103·2 million for 1950-51. The Old Age Pension Act provided for the payment by the federal government of 75 per cent of the lesser of $40 monthly or the amount of pension paid by the province monthly up to December 31, 1951, to eligible persons in need who were 70 years and over or 21 years and over if blind. On January 1, 1952, the Old Age Assistance Act became effective under which the federal government paid the provinces 50 per cent of $40 monthly or of the amount of assistance paid by the province monthly, whichever was the lesser, to eligible persons in need who were 65 years and over. After January 1, 1952, the blind continued to receive pensions as before but under the new Blind Persons Act. Under the Old Age Security Act which also came into effect on January 1, 1952 the federal government paid $40 monthly out of the Old Age Security Fund to all eligible persons of 70 years and over irrespective of need commencing in January 1952. Consequently, payments to the provinces for the last quarter of 1951-52 were substantially reduced, but the full effect of this change will not be apparent until the conclusion of 1952-53.

73. A comparative summary of the estimated payments for 1951-52 and the actual outlay for the preceding year is given in the following tables:

FAMILY ALLOWANCE PAYMENTS AND FEDERAL CONTRIBUTIONS TO OLD AGE PENSIONS, OLD AGE ASSISTANCE AND PENSIONS TO BLIND PERSONS FOR THE FISCAL YEARS ENDED MARCH 31, 1952 AND MARCH 31, 1951

—	Fiscal Year Ended March 31		Increase or Decrease(−)
	1952 (Estimated)	1951	
	(In millions of dollars)		
Family Allowances	320·5	309·5	11·0
Federal contributions to			
Old Age Pensions(1)	77·2	99·3	−22·1
Old Age Assistance	2·5	—	2·5
Pensions to the blind	3·8	3·9	−0·1
	404·0	412·7	−8·7

(1) Not including pension payments estimated at $76 million from the Old Age Security Fund.

74. The estimated distribution of these payments, by provinces, is shown in the following table:

FAMILY ALLOWANCE PAYMENTS

—	1952 (Estimated)	1951	Increase
	(In millions of dollars)		
Newfoundland	10·6	10·2	0·4
Nova Scotia	15·9	15·7	0·2
Prince Edward Island	2·5	2·4	0·1
New Brunswick	13·9	13·8	0·1
Quebec	102·9	99·6	3·3
Ontario	93·2	89·0	4·2
Manitoba	16·7	16·2	0·5
Saskatchewan	19·4	19·2	0·2
Alberta	21·6	20·8	0·8
British Columbia	23·1	22·0	1·1
Northwest and Yukon Territories	0·6	0·6	—
	320·5	309·5	11·0

FEDERAL CONTRIBUTIONS TO OLD AGE PENSIONS AND PENSIONS TO THE BLIND FOR THE YEAR ENDED MARCH 31, 1952

—	Old Age Pension Act	Pensions to the Blind
	(In millions of dollars)	
Newfoundland	3·0	0·1
Nova Scotia	5·0	0·3
Prince Edward Island	0·7	(1)
New Brunswick	4·2	0·4
Quebec	19·1	1·3
Ontario	23·2	0·8
Manitoba	4·6	0·3
Saskatchewan	4·6	0·1
Alberta	4·6	0·2
British Columbia	8·1	0·3
Northwest and Yukon Territories	0·1	(1)
	77·2(2)	3·8

(1) Less than $50,000.
(2) In addition to these payments under the Old Age Pension Act there were Federal contributions to the provinces under the Old Age Assistance Act, 1951, estimated at $2·5 million. A breakdown of this total by provinces and a comparison with 1950-51 would be meaningless because of differences in provincial legislation and consequent varying application of this Act from province to province.

Deficit—Old Age Security Fund

75. Payments of pensions of $40 per month under the Old Age Security Act to all eligible persons seventy years of age or over without a means test commenced in January 1952. Expenditures during the three months of the fiscal year in which the Act has been in operation are estimated at $76 million. Payments are made from the Old Age Security Fund which was established by the Act and into which are paid the proceeds of a 2 per cent sales tax, a 2 per cent personal income tax and a 2 per cent tax on corporate profits levied under the Old Age Security Act. Revenues from these taxes during 1951-52 are estimated at $19 million for sales tax and $2 million for corporation income tax. Owing to the fact that revenue from the corporation income tax is slow in coming in during the first months of the year, the yield is disproportionately low. The deficiency of $55 million representing the amount by which the pension payments of $76 million exceed tax collections of $21 million was covered by funds voted by Parliament.

Unemployment Insurance Act Administration and Government's Contribution

76. Estimated expenditures relating to the Unemployment Insurance Act (excluding the Government's payment as employer) are estimated at $54·2 million for 1951-52, an increase of $1·3 million over the total of $52·9 million for 1950-51.

77. Unemployment insurance benefit payments are not charged directly to budgetary expenditures, but to the Unemployment Insurance Fund which is financed by contributions from employers and employees, by interest earned on investments, and by the Government's contribution of an amount equal to one-fifth of the combined employer-employee payments.

78. In addition, the Government assumes the cost of administration and, pursuant to the Terms of Union with Newfoundland, the cost of unemployment benefits to certain residents of that Province. Qualification for benefit under the Terms of Union terminated as of April 1, 1951, but expenditures estimated at $0·3 million were made during 1951-52, representing the payment of claims pending on April 1, 1951. Corresponding expenditures in 1950-51 were $3 million. The Government also reimburses the Fund for certain sup-

plementary benefits under section 87 F of the Act. Supplementary benefits were $1·8 million in 1950-51, but as persons in the class in respect of whom the greater portion of the claims arise now qualify under the general provisions of the Act, corresponding expenditures for 1951-52 are estimated at only $40,000.

79. The Government's contribution to the Fund for 1951-52 is estimated at $30·1 million compared with $26·1 million in 1950-51. Administration costs for 1951-52 are expected to amount to $24·1 million, a decrease of $2·7 million from the total of $26·8 million in the previous year.

Agriculture

80. Expenditures for the Department of Agriculture are estimated at $66·9 million for 1951-52 compared with $142·8 million for the previous year. The decrease of $75·9 million is mainly accounted for by the absence of any payment in the accounts for the fiscal year under review comparable to the payment of $65 million in 1950-51 to the Canadian Wheat Board to be added to the amount available for distribution to holders of participation certificates in settlement of the 1945-50 wheat pool. In addition, there was a decrease of $4·3 million in advances to the Prairie Farm Emergency Fund.

81. The following table presents a comparative summary of the expenditures of the department for the last two years:

	Fiscal year ended March 31		Increase or Decrease(−)
	1952 (Estimated)	1951	
	(In millions of dollars)		
Freight assistance on western feed grains	15·0	15·6	−0·6
Rehabilitation and reclamation projects	11·8	13·2	−1·4
Advances to Prairie Farm Emergency Fund	—	4·3	−4·3
Payment to Canadian Wheat Board for distribution to producers	—	65·0	−65·0
Premium on hog carcasses	5·4	5·1	0·3
Experimental Farms Service	7·8	7·1	0·7
Science Service	7·1	7·1	—
Production Service	8·7	8·8	−0·1
Marketing Service	4·1	4·9	−0·8
Assistance to apple growers—			
Nova Scotia and British Columbia	1·5	2·5	−1·0
Net operating loss—			
Agricultural Prices Support Board	1·7	3·5	−1·8
Departmental administration and sundry	3·8	5·6	−1·8
	66·9	142·8	−75·9

External Affairs

82. Expenditures of the Department of External Affairs are estimated at $38·1 million for 1951-52, as compared with $22·1 million for the previous year. The increase of $16 million is attributable mainly to an increase of $14·1 million in assistance to other countries and to international organizations from $11·5 million in 1950-51 to an estimated total of $25·6 million in 1951-52. In 1951-52 this assistance consisted chiefly of grants to the governments of India and Pakistan under the Colombo Plan, to assist these countries in their economic development programmes. During the fiscal year it is estimated that a total of $25 million was made available to these governments.

Mines and Technical Surveys

83. Expenditures of the Department of Mines and Technical Surveys are estimated at $27·5 million for 1951-52, compared with the total of $21·1 million for the previous fiscal year. The increase of $6·4 million is attributable chiefly

to increases of $4·3 million in the Emergency Gold Mining Assistance Act payments and of $1·7 million in expenditures of the Dominion Coal Board.

National Health and Welfare

84. The major items of expenditure for this department during 1951-52 have already been dealt with under the headings "Family Allowances, Old Age Pensions and Pensions to Blind Persons" and "Deficit—Old Age Security Fund". It is estimated that $46 million was spent for the remaining services including administration of the department compared with $36·2 million for the previous year. This represents an increase of $9·8 million, of which slightly over $6 million is accounted for by increases in general health grants to assist the provinces in hospital construction, strengthening of general public health services and the control of disease.

Transport

85. Expenditures of the Department of Transport are estimated at $102·1 million for 1951-52, an increase of $17 million over the corresponding total of $85·1 million for 1950-51, as shown in the following table:

—	Fiscal year ended March 31		Increase or Decrease(−)
	1952 (Estimated)	1951	
	(In millions of dollars)		
Air Services	37·0	33·5	3·5
Marine Services	18·2	17·2	1·0
Railway Services (including Maritime Freight Rates Act)	11·9	10·4	1·5
Canals Services	7·8	8·3	−0·5
Steamships Subventions, including Canadian Maritime Commission	4·5	5·9	−1·4
Deficits and non-active advances— Government-owned enterprises	18·2	7·3	10·9
Departmental administration and sundry	4·5	2·5	2·0
	102·1	85·1	17·0

86. The net increase of $17 million is attributable mainly to increases of $10·9 million in payments for deficits of, and non-active advances to, certain wholly owned governmental enterprises and of $3·5 million in expenditures for air services which are estimated at $37 million for 1951-52 as compared with $33·5 million for 1950-51.

87. The following table presents a comparative summary of expenditures for deficits of, and non-active advances to, government owned enterprises for 1951-52 and 1950-51:

—	Fiscal year ended March 31		Increase or Decrease(−)
	1952 (Estimated)	1951	
	(In millions of dollars)		
Net Income Deficits—			
Canadian National Railways	15·0	3·3	11·7
Canadian National (West Indies) Steamships, Ltd	0·5	1·0	−0·5
Prince Edward Island Car Ferry and Terminals	1·4	1·3	0·1
National Harbours Board	0·1	0·2	−0·1
	17·0	5·8	11·2
Loans and Advances, Non-Active—National Harbours Board	1·2	1·5	−0·3
	18·2	7·3	10·9

88. The deficit of the Canadian National Railways was $15 million for the calendar year 1951 compared with $3·3 million in the preceding year, an increase of $11·7 million. However, it should be noted that the over-all C.N.R. deficit includes all interest charges paid on government advances, and an amount of $23·5 million received from the Railways for interest on advances is included in the government's revenue under the classification "Return on Investments."

Veterans Affairs

89. Total expenditures for the Department of Veterans Affairs are estimated at $216 million for 1951-52, a decrease of $0·4 million compared with the total of $216·4 million for 1950-51. The table which follows presents a comparative summary of the expenditures for the last two fiscal years:

—	Fiscal Year Ended March 31		Increase or Decrease (−)
	1952 (Estimated)	1951	
	(In millions of dollars)		
Pensions (World Wars I and II and Northwest Rebellion 1885)	103·8	95·6	8·2
Treatment and after-care of returned soldiers and allowances to veterans and dependents	76·5	71·6	4·9
War service gratuities and re-establishment credits	9·7	16·9	−7·2
Post-discharge rehabilitation benefits	6·7	13·5	−6·8
Soldier Settlement and Veterans' Land Acts	5·6	6·3	−0·7
Hospital accommodation and facilities	3·5	3·0	0·5
Provision for reserve for conditional benefits under Veterans' Land Act	7·6	7·1	0·5
Departmental administration and sundry	2·5	2·4	0·1
	216·0	216·4	−0·4

90. An increase of approximately $15 million in payments of pensions, expenditures for hospital accommodation and treatment and after-care of returned soldiers and allowances to veterans and dependents was offset by an equivalent amount in post-discharge rehabilitation benefits, war service gratuities and Soldier Settlement and Veterans' Land Acts expenditures.

91. The provision for the reserve for conditional benefits under the Veterans' Land Act is estimated at $7·6 million, an increase of $0·5 million over the previous fiscal year. Sales of land and chattels are made to veterans at less than cost, conditional upon the terms of the agreement of sale being fulfilled for a period of ten years. The amount charged to expenditures during the fiscal year under this heading covers one-tenth of the conditional benefits included in sales to veterans prior to April 1, 1952.

4. THE CASH ACCOUNTS

92. In the preceding sections of this Part the budgetary accounts of the Government for the fiscal year 1951-52 have been described in some detail and the estimated budgetary revenues and expenditures and surplus have been analyzed and compared with the actual figures for the preceding fiscal year. However, the budgetary accounts do not reflect the full scope of the Government's financial operations: cash receipts from and cash payments to the public

and the consequent cash surplus or deficit, or increase or decrease in available cash, are more significant factors in determining the Government's borrowing requirements and in assessing the impact of the Government's transactions upon the other sectors of the Canadian economy. However, before proceeding to analyze the cash transactions, two preliminary comments should be made.

93. In the first place, it should be noted that some of the revenues and expenditures, that are taken into account in determining the Government's budgetary surplus or deficit, consist of current provisions to meet liabilities for future payments and other items that are merely bookkeeping or accounting entries not requiring the current receipt or outlay of cash. In the second place, it should be pointed out that the financial operations of the Government are not confined to the collection of revenues or the making of expenditures in the strict or narrow accounting or budgetary meaning of those terms. While a substantial part of all governmental activities are directly reflected in the budgetary accounts, large amounts of cash are received and disbursed in connection with extra-budgetary transactions and these receipts and disbursements must be taken into account when measuring the impact of the Government's financial operations upon the economy or analyzing the implications of Government spending and the methods by which that spending is financed.

94. Examples of non-cash budgetary expenditures are the annual provision for the reserve for possible losses on the ultimate realization of active assets; the write-off of a loan or advance where the debt has been cancelled or is no longer collectible; government contributions and interest transferred to the Government Annuities and the Civil Service Superannuation Accounts and other insurance, pension, guaranty and deposit and trust accounts; interest accruals on War Savings Certificates, and the amortization of cash outlays made in one year applicable to subsequent years (such as payments for premiums, discounts and commissions on loans). Examples of non-cash budgetary revenues are interest accruals added to principal on the consolidation of loans, and the transfer to revenue of balances held in deferred credits, deposit or reserve accounts, such as the excess provision for the refundable portion of the excess profits tax.

95. The extra-budgetary receipts and disbursements relate to transactions which result in increases or decreases in the Government's assets and liabilities. They do not appear in the Government's income account nor do they enter into the calculation of the annual budgetary surplus or deficit. On the assets side, they consist, for the most part, of advances to and repayments of loans by Crown corporations and other government agencies, foreign, provincial and municipal governments and other borrowers; investments in government securities and of outlays for the acquisition of inventories of materials which will be used in the future, and for services rendered in one year but applicable to the accounts of subsequent years. On the liabilities side, the transactions relate primarily to the issue and redemption of securities representing the funded debt of Canada, and to receipts and payments in connection with the numerous deposit and trust, and annuity, insurance and pension funds held or administered by the Government.

96. The following comparative summary shows the nature and extent of the adjustments to the budgetary accounts for these non-cash and extra-budgetary transactions and their effect upon the government's net cash position for the last two years.

	Fiscal year ended March 31		Increase or Decrease (−)
	1952 (Estimated)	1951	
	(millions of dollars)		
BUDGETARY REVENUES	4,003·1	3,112·5	890·6
Deduct: Non-cash revenues	18·9	43·9	−25·0
Net cash budgetary revenues	3,984·2	3,068·6	915·6
Add: Non-budgetary cash receipts—			
Net annuity, insurance and liability account receipts	163·4	81·1	82·3
Repayment of loans and investments	70·3	62·7	7·6
	233·7	*143·8*	*89·9*
CASH RECEIPTS (excluding debt transactions)	4,217·9	3,212·4	1,005·5
BUDGETARY EXPENDITURES	3,647·4	2,901·2	746·2
Deduct: Non-cash expenditures	472·7	464·1	8·6
Net cash budgetary expenditures	3,174·7	2,437·1	737·6
Add: Non-budgetary disbursements—			
Loans, investments and working capital advances—			
Advances to Minister of Finance Exchange Fund	200·0	475·0	−275·0
Advances to Defence Production Revolving Fund	95·0	.....	95·0
Loans to Central Mortgage and Housing Corporation	69·7	79·4	−9·7
Loans to Canadian National Railways	138·6	19·9	118·7
Loans under Soldier Settlement and Veterans' Land Acts	9·4	14·6	−5·2
Other loans, investments and working capital advances	29·3	4·0	25·3
	542·0	*593·9*	*−50·9*
Other non-budgetary disbursements—			
Disbursements from Defence Equipment Replacement Account	50·6	.....	50·6
Net disbursements from Old Age Security Fund	55·0	.....	55·0
Cost of loan flotations (portion to be amortized)	4·0	10·0	−6·0
Net disbursements from sundry accounts	1·2	1·9	−0·7
	110·8	*11·9*	*98·9*
CASH DISBURSEMENTS (excluding debt transactions)	3,827·5	3,041·9	785·6
CASH SURPLUS AVAILABLE FOR DEBT REDUCTION	390·4	170·5	219·9

97. The figures indicate that after adjusting the budgetary revenues for non-cash credits and non-budgetary receipts, a total of $4,217·9 million cash was available to the Government during 1951-52, an increase of $1,005·5 million as compared with the total of $3,212·4 million in the previous year. Out of this, budgetary cash expenditures of $3,174·7 million and non-budgetary disbursements of $652·8 million were made, a net increase of $785·6 million, leaving a cash surplus of $390·4 million available for debt reduction or increase in cash balances as compared with $170·5 million in 1950-51.

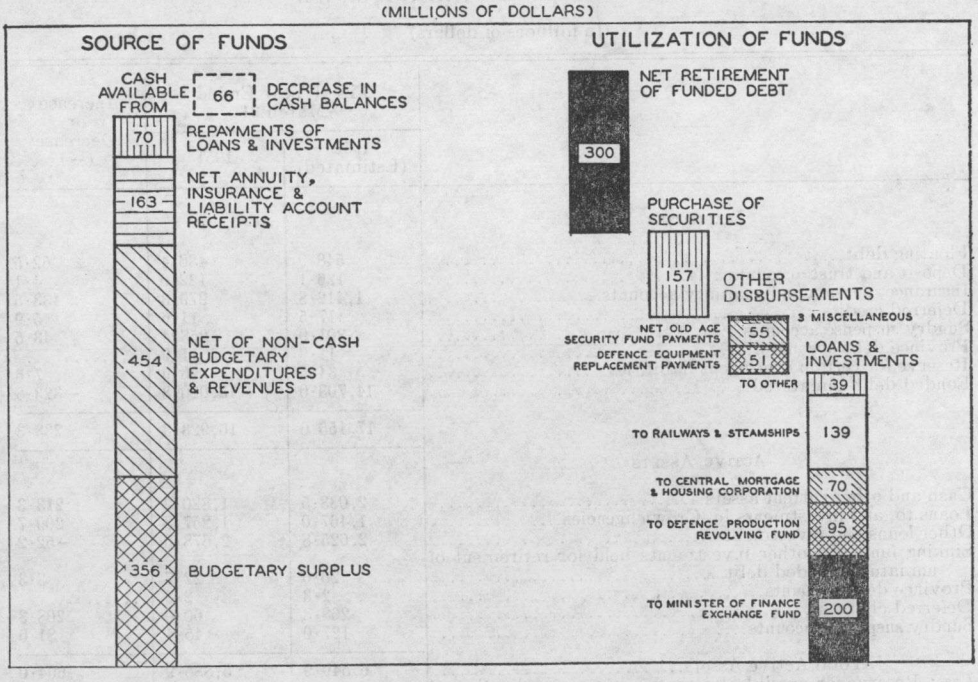
98. The total of non-budgetary receipts is estimated at $233·7 million, made up of $163·4 million from net annuity, insurance and liability account receipts and $70·3 million for repayments of sundry loans and investments, of which $66·1 million was from the United Kingdom and other governments.

99. Non-budgetary disbursements, which amounted to $652·8 million, consisted of $200 million for advances to the Minister of Finance Exchange Fund, $95 million for advances to the Defence Production Revolving Fund used in part in the stockpiling of defence materials, $69·7 million to Central Mortgage and Housing Corporation for housing construction and housing loans, $138·6 million for advances to the Canadian National Railways, $38·7 million for miscellaneous loans or investments and working capital advances (including

$9·4 million for loans to veterans), $4 million for discounts and commissions on loan flotations, $50·6 million in purchases of equipment through the Defence Equipment Replacement Account, $55 million in net disbursements from the Old Age Security Fund representing the excess of pension payments over tax receipts, and $1·2 million in disbursements from sundry accounts.

SOURCE AND UTILIZATION OF CASH: 1951-52

(MILLIONS OF DOLLARS)



100. As a result of total cash receipts exceeding total cash disbursements by $390·4 million and by letting cash balances run down by $66 million, the Government was able to retire or acquire funded debt outstanding in the hands of the public to a net amount of $456·4 million. A reconciliation of the cash surplus of $390·4 million, the reduction in outstanding funded debt, and the net change in the Government's cash position, together with the corresponding figures for the previous fiscal year, is shown below:

	Fiscal year ended March 31		Increase or Decrease (−)
	1952 (Estimated)	1951	
	(In millions of dollars)		
CASH SURPLUS—or excess of total receipts over disbursements	390·4	170·5	219·9
Net retirement of funded debt	299·8	119·0	180·8
Net purchase of securities—			
For Securities Investment Account	49·6	0·1	49·5
For Sinking Fund Account	4·4	6·2	−1·8
For Unemployment Insurance Fund	102·6	87·7	14·9
	156·6	*94·0*	*62·6*
Net cash applied to the purchase or retirement of outstanding funded debt in the hands of the public	456·4	213·0	243·4
NET DECREASE IN CASH BALANCES	66·0	42·5	23·5

5. ESTIMATED BALANCE SHEET POSITION AT MARCH 31, 1952

101. The following table presents, in summary form, the Government's estimated balance sheet position at March 31, 1952, with the comparable figures for March 31, 1951.

SUMMARY OF THE GOVERNMENT'S BALANCE SHEET POSITION AS AT MARCH 31, 1952 AND MARCH 31, 1951

(In millions of dollars)

	Fiscal Year Ended March 31		Increase or Decrease (−)
	1952 (Estimated)	1951	
LIABILITIES			
Floating debt	548·9	486·4	62·5
Deposit and trust accounts	126·1	122·0	4·1
Insurance, pension and guaranty accounts	1,412·8	979·3	433·5
Deferred credits	17·5	11·6	5·9
Sundry suspense accounts	301·9	258·4	43·5
Province debt accounts	11·9	11·9	.....
Reserve for certain contingent liabilities	34·5	26·9	7·6
Funded debt unmatured	14,703·0	15,026·8	−323·8
	17,156·6	16,923·3	233·3
ACTIVE ASSETS			
Cash and other current assets	2,033·5	1,820·2	213·3
Loans to, and investments in, Crown agencies	1,467·0	1,257·3	209·7
Other loans and investments	2,625·8	2,678·0	−52·2
Sinking fund and other investments held for retirement of unmatured funded debt	26·0	22·7	3·3
Province debt accounts	2·3	2·3	.....
Deferred charges	268·3	60·0	208·3
Sundry suspense accounts	127·0	45·4	81·6
Total Active Assets	6,549·9	5,885·9	664·0
Less: Reserve for possible losses on ultimate realization of active assets	470·9	395·9	75·0
Net Active Assets	6,079·0	5,490·0	589·0
NET DEBT (Excess of liabilities over net active assets)	11,077·6	11,433·3	−355·7

102. The aggregate liabilities of the Government as at March 31, 1952, are estimated at $17,156·6 million, an increase of $233·3 million over the corresponding total at the end of the previous year. Unmatured funded debt outstanding, including bonds, treasury bills and deposit certificates accounts for $14,703 million or approximately 86 per cent of all liabilities. Of the total unmatured funded debt now outstanding, only $401·6 million or approximately 2·7 per cent is payable in foreign currencies—$348 million payable in United States dollars and $53·6 million in pounds sterling. A complete statement in tabular form of the Government's unmatured funded debt at March 31, 1952, with details of interest rates, dates of maturity, annual interest charges, and amounts of principal outstanding for each loan may be found at the end of this Part.

103. Floating debt, consisting of outstanding cheques and interest, matured funded debt outstanding and similar obligations payable on demand, is estimated at $548·9 million. Amounts at the credit of annuity, insurance, pension and guaranty accounts are expected to total $1,412·8 million.

104. The other items on the liabilities side of the balance sheet are: sundry suspense accounts (where some uncertainty as to disposition exists), $301·9 million; deposit and trust accounts (consisting of moneys deposited with or held in trust by the Receiver General for various purposes), $126·1 million; reserve for conditional benefits under the Veterans' Land Act, $34·5 million; province debt accounts (representing settlements arising out of agreements at the time of confederation), $11·9 million; and deferred credits (consisting of balances whose ultimate accounting treatment is known, but which are held until certain conditions are fulfilled), $17·5 million.

105. Offsetting these liabilities, and in a measure explaining their existence—as a substantial portion of the total debt is attributable to them—are the Government's active assets. For the most part, these consist of assets that yield interest, profits, or dividends, very liquid assets such as cash and departmental working capital funds, and certain prepaid expenditures and sundry suspense accounts.

106. Although some of the items are very difficult to forecast, it is expected that the active assets will aggregate $6,549·9 million at March 31, 1952. The totals of the principal active asset categories at that date are estimated at: cash and other current assets, $2,033·5 million; loans to, and investments in, Crown agencies, $1,467 million; other loans and investments (including loans to provincial, municipal, United Kingdom and other governments, subscriptions to international organizations, and a number of miscellaneous advances to veterans and others), $2,625·8 million; deferred charges, $268·3 million; province debt accounts, $2·3 million; and sundry suspense accounts, $127 million.

107. The reserve for possible losses on the ultimate realization of active assets which now stands on the books at $470·9 million is shown on the balance sheet as a deduction from the total of the active assets, bringing the net active asset total to $6,079 million.

A. Changes in Principal Liability Classifications during 1951-52

108. It is estimated that there was an increase of $233·3 million in the gross liabilities of the Government during the fiscal year. The three most important increases were $433·5 million in the insurance, pension and guaranty accounts (attributable principally to increases of $330·9 million in the Civil Service Superannuation Account, $57·2 million in the Government Annuities Account and $43·9 million in the Permanent Services Pension Account), $43·5 million in sundry suspense accounts and $62·5 million in floating debt.

109. The most significant reduction in the liabilities was the substantial decrease in the outstanding unmatured funded debt of the Government from $15,026·8 million at March 31, 1951 to an estimated amount of $14,703 million at March 31, 1952. This net reduction of $323·8 million compares with similar reductions of $161·4 million in 1950-51, $396·9 million in 1949-50, $372·3 million in 1948-49, and $584·5 million in 1947-48.

Floating Debt

110. Floating debt shows an estimated increase of $62·5 million in 1951-52. Increases of $84·3 million in outstanding cheques, $0·9 million in interest due and outstanding and $0·9 million in Post Office account are offset partially by decreases of $16 million in matured funded debt and $7·6 million in the non-negotiable non-interest bearing demand notes issued to the International Bank for Reconstruction and Development as part of Canada's subscription to the Bank. The changes in floating debt during the fiscal year are summarized in the following table:

FLOATING DEBT AS AT MARCH 31, 1952 AND MARCH 31, 1951

(In millions of dollars)

	Balance at March 31		Increase or Decrease (−)
	1952 (Estimated)	1951	
Matured funded debt outstanding	26·8	42·8	−16·0
Notes and other obligations payable on demand	289·4	297·0	−7·6
Interest due and outstanding	77·2	76·3	0·9
Outstanding cheques and warrants	144·1	59·8	84·3
Post Office (net liability for money orders, etc.)	11·4	10·5	0·9
	548·9	486·4	62·5

Deposit and Trust Accounts

111. It is estimated that there was an increase of $4·1 million in deposit and trust accounts. Increases of $7 million in contractors' security cash deposits, $3·5 million in the Prairie Farm Emergency Fund and $1·8 million in the National Capital Fund are offset, in part, by a decrease of $8·3 million in Province of Newfoundland Financial Surplus account.

Insurance, Pension and Guaranty Accounts

112. Insurance, pension and guaranty accounts show an estimated increase of $433·5 million during the year. The changes in various accounts in this category are shown in the following table:

INSURANCE, PENSION AND GUARANTY ACCOUNTS AS AT MARCH 31, 1952 AND MARCH 31, 1951

(In millions of dollars)

	Balance at March 31		Increase or Decrease (−)
	1952 (Estimated)	1951	
Government Annuities	677·6	620·4	57·2
Permanent Services Pension Account	110·4	66·5	43·9
Civil Service Superannuation Account	520·0	189·1	330·9
Other	104·8	103·3	1·5
	1,412·8	979·3	433·5

113. The principal increases were $57·2 million in Government Annuities, $43·9 million in Permanent Services Pension Account and $330·9 million in the Civil Service Superannuation Account.

114. Of the increase of $330·9 million in the Civil Service Superannuation account, $312 million represents a transfer to the account of the amount by which the liabilities at December 31, 1951, as estimated by the actuaries, exceeded the balance in the account. Of this sum of $312 million, $98 million is included as a charge to budgetary expenditures in the year's accounts, and $214 million has been set up as a deferred charge, which will, with Parliamentary approval, be written off to expenditures in future years. The amount of $98 million consists of two items. The first is the Government's second special contribution of $75 million towards making up the substantial deficiency which had accumulated in the account over many years due for the most part to increases in the general

level of salaries and to the practice formerly followed of not matching employees' prior service contributions with an equal Government contribution. The second is a contribution of $23 million in respect of the additional liabilities of the account consequent upon the salary increases to civil servants effective December 1, 1951.

115. The further $18·9 million increase in the account during the fiscal year represents the amount by which employees' current and prior service contributions, the Government's contribution of an amount equal to the estimated current and prior service payments of individuals in the previous fiscal year, and interest accretions exceeded payments from the account.

Deferred Credits

116. Deferred credits are expected to show an increase of $5·9 million during the fiscal year, one of the more important factors contributing to this net increase being the balance of the amount due from the Government of France in connection with military relief settlements, an offsetting entry being included under "Loans to the United Kingdom and Other Governments".

Sundry Suspense Accounts

117. Sundry suspense accounts are expected to record an increase of $43·5 million during the fiscal year. Of this total $22·8 million is due to an increase in the Defence Equipment Replacement Account representing the undisbursed balance of the credits to the account under section 3 of The Defence Appropriation Act, 1950, and Vote 246 of The Appropriation Act, No. 4, 1951. Under the terms of The Defence Appropriation Act, 1950, the value of defence materials and supplies transferred to members of the North Atlantic Treaty Organization may be credited to the account and these credits may be used in subsequent years to purchase equipment or supplies for the naval, army or air services of the Canadian Forces. The net increase in the account during the year represents the amount by which the value of defence materials and supplies transferred exceeded cash disbursements for replacements.

118. Also recorded under this heading is the Government's liability for collections of provincial 5 per cent corporation income taxes under The Dominion-Provincial Tax Rental Agreements Act. As collections during 1951-52 were higher than during the preceding fiscal year, and assessments and payments to the provinces were somewhat less than collections, the estimated amount of $77·9 million at March 31, 1952 was approximately $14·6 million more than the corresponding amount at March 31, 1951.

Province Debt Accounts

119. There was no increase or decrease during the fiscal year in the Government's liability in respect of the province debt accounts. These amounts have remained unchanged for many years.

Reserve for Certain Contingent Liabilities

120. The reserve for certain contingent liabilities is expected to show an increase of $7·6 million during the fiscal year reflecting an additional provision for conditional benefits which may accrue to veteran borrowers under the Veterans' Land Act.

Funded Debt Unmatured

121. It is estimated that there was a net decrease in unmatured funded debt from $15,026·8 million at March 31, 1951 to $14,703 million at March 31, 1952. The over-all reduction of $323·8 million reflects decreases of $303·7 million in debt payable in Canada, $17·4 million in debt payable in New York,

and $2·7 million in debt payable in London. The details of the various loan redemptions, flotations and adjustments which resulted in this net decrease are described more fully in the section on "The Public Debt".

B. Changes in Principal Active Asset Classifications During 1951-52

122. It is estimated that there was an increase of $664 million in the total of the active assets during the fiscal year under review. However, with the provision of an additional $75 million for the reserve for possible losses on the ultimate realization of active assets, active assets are expected to show a net increase of $589 million when the books are closed. Estimated increases of $213·3 million in cash and other current assets, $209·7 million in loans to, and investments in, Crown agencies, $81·6 million in sundry suspense accounts, and $208·3 million in deferred charges were off set by a decrease of $52·2 million in other loans and investments.

Cash and Other Current Assets

123. Cash and other current assets increased by approximately $213·3 million during the fiscal year as shown in the following table which summarizes the changes in the various accounts in this category:

CASH AND OTHER CURRENT ASSETS AS AT MARCH 31, 1952 AND MARCH 31, 1951

(In millions of dollars)

—	Balance at March 31		Increase or Decrease (—
	1952 (Estimated)	1951	
Cash in current and special deposits including blocked currency	21·9	88·9	—67·0
Other liquid assets—			
Minister of Finance Exchange Fund Account—			
Advances represented by cash and securities	1,799·4	1,681·2	118·2
Securities investment account	59·2	9·6	49·6
Working Capital Advances—			
Departmental—			
Defence production revolving fund	95·0	.....	95·0
Other	33·7	22·7	11·0
Crown corporations	24·3	17·8	6·5
	2,033·5	1,820·2	213·3

124. The principal changes were increases of $118·2 million in the Minister of Finance Exchange Fund Account and $49·6 million in the Securities Investment Account and an amount estimated at $95 million in the Defence Production revolving fund. These are offset, in part, by a reduction of $67 million in cash in current and special deposits.

125. The increase in advances to the Exchange Fund represents additional cash advances of $200 million during the year to finance the purchase of gold and foreign exchange, reduced by $81·8 million equivalent to the increase in the Fund's revaluation deficit during 1951 which was deducted from the total advances and carried to sundry suspense accounts. The Fund's revaluation deficit at December 31, 1951, was $125·6 million compared with $43·8 million at the end of the preceding year.

Loans to, and Investments in, Crown Agencies

126. Loans to, and investments in, Crown agencies increased by $209·7 million during 1951-52 from $1,257·3 million at March 31, 1951, to an estimated amount of $1,467 million at March 31, 1952. The changes during the fiscal year in this category of assets are summarized in the following table:

—	Balance at March 31		Increase or Decrease (−)
	1952 (Estimated)	1951	
Bank of Canada Capital Stock	5·9	5·9	.....
Central Mortgage and Housing Corporation—			
Capital Advances	25·0	25·0	.....
Loans	331·0	261·4	69·6
Canadian Farm Loan Board	27·3	26·0	1·3
Railway and Steamship Companies	902·6	764·0	138·6
National Harbours Board	106·9	106·7	0·2
Polymer Corporation Limited	38·0	41·0	−3·0
Other Crown Agencies	30·3	27·3	3·0
	1,467·0	1,257·3	209·7

127. Loans to Central Mortgage and Housing Corporation increased by $69·6 million during the year.

128. Loans to railways and steamship companies represent in the main advances by the Government to the Canadian National Railways for capital expenditures (including the purchase of railway equipment under hire-purchase agreements), for the retirement of maturing debt, and for the temporary financing of current operations. The net increase in advances to C.N.R. during the year is estimated at $138·6 million.

129. The amount of $106·9 million shown for the National Harbours Board represents the net outstanding advances in connection with harbour developments at Montreal and Vancouver. These are the only advances to the National Harbours Board which are classified as active assets in the Government's accounts.

130. The Government's investment in Polymer Corporation Limited, a Crown corporation engaged in the manufacture of synthetic rubber, was reduced by a repayment of $3 million during the fiscal year, the balance at March 31, 1952, being estimated at $38 million.

131. The amount of $30·3 million shown for other Crown agencies, represents subscriptions to the capital stock of, or advances to, sundry government agencies for capital, construction and other purposes. The total includes loans to, or investments in, Canadian Broadcasting Corporation ($9·2 million); Canadian Overseas Telecommunication Corporation ($1·8 million); Eldorado Mining and Refining (1944) Limited ($8·2 million); Export Credits Insurance Corporation ($5 million); and Northwest Territories Power Commission ($6·1 million).

Other Loans and Investments

132. This group of assets includes loans to the United Kingdom and various foreign governments, the Government's subscriptions to the capital of the International Monetary Fund and the International Bank for Reconstruction and Development, loans to provincial and municipal governments, and a number of miscellaneous loans and investments, the chief of which are the loans to

veterans under the Soldier Settlement and Veterans' Land Acts. A table summarizing the loans and investments in this category and showing the changes during the fiscal year follows:

OTHER LOANS AND INVESTMENTS AS AT MARCH 31, 1952 AND MARCH 31, 1951

(In millions of dollars)

	Balance at March 31		Increase or Decrease (−)
	1952 (Estimated)	1951	
Loans to United Kingdom and other Governments	1,925·5	1,985·0	−59·5
Subscription to Capital of International Monetary Fund	322·5	322·5	.....
Subscription to Capital of International Bank for Reconstruction and Development	70·9	70·7	0·2
Loans to Provincial and Municipal Governments	91·0	95·2	−4·2
Advances under Soldier Settlement and Veterans' Land Acts.	198·7	189·3	9·4
Miscellaneous Loans and Investments	17·2	15·3	1·9
	2,625·8	2,678·0	−52·2

133. The loans to the United Kingdom and other governments consist of loans to the Government of the United Kingdom under the authority of The War Appropriation (United Kingdom Financing) Act, 1942, and The United Kingdom Financial Agreement Act, 1946, loans to other countries under Part II of the Exports Credits Insurance Act, and miscellaneous foreign loans. A summary of the changes in each of these categories is shown in the following table:

LOANS TO UNITED KINGDOM AND OTHER GOVERNMENTS

(In millions of dollars)

	Balance at March 31		Increase or Decrease (−)
	1952 (Estimated)	1951	
Loans to United Kingdom—			
The War Appropriation (United Kingdom Financing) Act, 1942	220·4	251·5	−31·1
The United Kingdom Financial Agreement Act, 1946	1,171·0	1,185·0	−14·0
	1,391·4	*1,436·5*	*−45·1*
Loans to Foreign Governments—			
The Export Credits Insurance Act, Part II	480·9	500·6	−19·7
Miscellaneous Advances	53·2	47·9	5·3
	534·1	*548·5*	*−14·4*
	1,925·5	1,985·0	−59·5

134. It is estimated that during 1951-52 the Government of the United Kingdom will have repaid $31·1 million of the $700 million interest-free loan granted under the provisions of The War Appropriation (United Kingdom Financing) Act, 1942, reducing the balance outstanding of this loan to $220·4 million at March 31, 1952. During the year a repayment of $14 million was made by the United Kingdom Government on account of the $1,250 million loan authorized by The United Kingdom Financial Agreement Act of 1946. As the total amount advanced was $1,185 million the amount outstanding at March 31, 1952 was $1,171 million.

135. The advances under Part II of the Export Credits Insurance Act represent loans made to certain foreign countries to assist them in purchasing goods and services in Canada. It is estimated that the total of outstanding advances under this Act was $480·9 million at March 31, 1952, representing a net decrease of $19·7 million from the total of $500·6 million outstanding at the end of the previous year. A classification of these advances by recipient governments, showing the repayments during the year, is given in the following table.

ADVANCES TO FOREIGN GOVERNMENTS UNDER PART II OF THE EXPORT CREDITS INSURANCE ACT

(In millions of dollars)

	Total Outstanding at March 31, 1951	Repayments during 1951-52	Total Outstanding at March 31, 1952
Belgium	60·0	2·3	57·7
China	49·4	.....	49·4
Czechoslovakia	13·3	3·3	10·0
France	225·9	8·3	217·6
Indonesia	15·5	3·1	12·4
Netherlands	115·5	2·7	112·8
Norway	21·0	.....	21·0
	500·6	19·7	480·9

Sinking Fund and Other Investments held for the Retirement of Unmatured Funded Debt

136. There was an estimated increase of $3·3 million in these assets which are held for the retirement of the 3 per cent Newfoundland 1943-63 guaranteed stock.

Deferred Charges

137. Accounting in large measure for the increase of $208·3 million in this category is the amount of $214 million which has been credited to the Civil Service Superannuation Account and set up as a deferred charge to be written off to expenditure in future years, subject to Parliamentary approval.

138. Discounts and commissions of $4 million paid during the fiscal year on new loans were more than offset by the annual amortization of $9·6 million applicable to 1951-52 and charged to the year's expenditure.

Sundry Suspense Accounts

139. The increase of $81·6 million in this asset classification is due mainly to the change in the deficit arising from exchange revaluations of the assets and liabilities in the Minister of Finance Exchange Fund Account as at December 31, 1951 which amounted to $125·6 million at that date as compared with $43·8 million at December 30, 1950.

Reserve for Possible Losses on Ultimate Realization of Active Assets

140. For the fifth successive year $75 million was added to this reserve with a corresponding amount being shown as an expenditure in the Government's accounts. There was no charge or write-off to the reserve during the fiscal year, the balance at March 31, 1952, being $470·9 million.

C. Decrease in Net Debt

141. The estimated surplus of $355·7 million for the fiscal year will result in a corresponding decrease in the net debt of Canada, reducing it from $11,433·3 million at March 31, 1951, to $11,077·6 million at March 31, 1952.

6. THE PUBLIC DEBT

Gross and Net Debt

142. The unmatured funded debt of Canada was reduced by $323·8 million during the fiscal year, of which $299.8 million represented cash retirements and $24 million net revaluations and adjustments. However, due to increases of $557·1 million in other liabilities—principally in insurance, pension and guaranty, floating debt and sundry suspense accounts—the gross public debt of Canada increased by $233·3 million from $16,923·3 million at March 31, 1951, to an estimated total of $17,156·6 million at March 31, 1952. During the same period, the net active or realizable or revenue-producing assets increased by $589 million, with the result that the net debt—which is the gross debt less the active assets—was reduced by $355·7 million.

143. The following table shows the amount of net debt as at March 31, 1939 to March 31, 1952 inclusive, with the amount of annual increase or decrease:

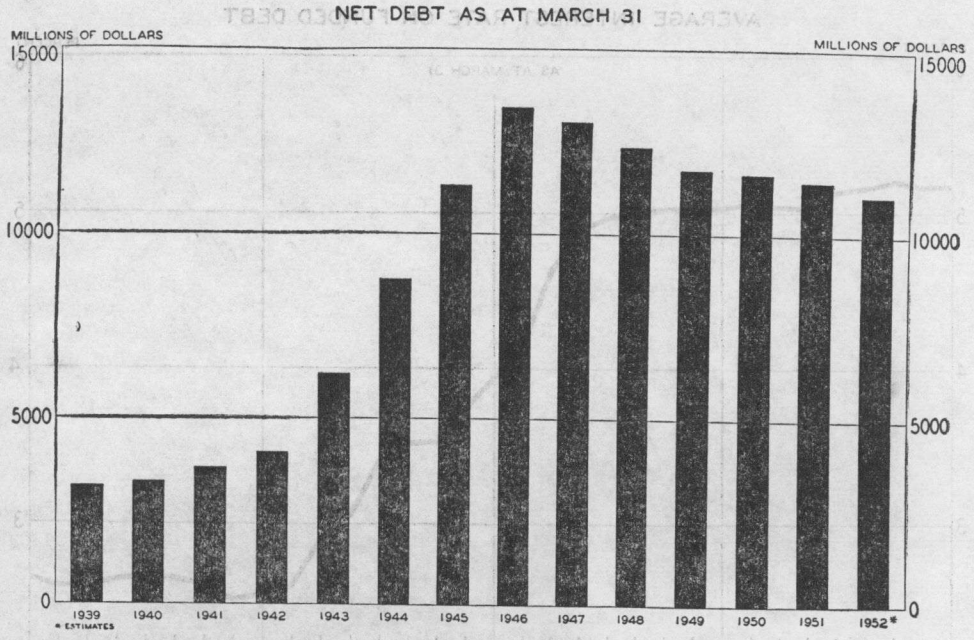
NET DEBT

(In millions of dollars)

Fiscal Year Ended March 31	Balance at end of year	Increase or Decrease (−) during fiscal year
1939	3,152·6	.....
1940	3,271·3	118·7
1941	3,648·7	377·4
1942	4,045·2	396·5
1943	6,182·8	2,137·6
1944	8,740·1	2,557·2
1945	11,298·4	2,558·3
1946	13,421·4	2,123·0
1947	13,047·8	−373·6
1948	12,371·6	−676·1
1949	11,776·1	−595·5
1950	11,644·6	−131·5
1951	11,433·3	−211·3
1952 Estimated	11,077·6	−355·7

Unmatured Funded Debt

144. The estimated total unmatured funded debt of Canada outstanding at March 31, 1952 was $14,703 million. This was $323·8 million less than at the end of the previous year and $2,104·2 million less than at March 31, 1946. Notwithstanding this substantial decrease, it was still $11,317·3 million more than, or approximately four times, the total of $3,385·7 million at March 31, 1939, the end of the last pre-war year. However, while interest charges on the funded debt increased by approximately 229 per cent from $118·1 million in 1938-39 to $389 million in 1951-52, the gross national product rose from $5,165 million in 1938 to $21,217 million in 1951, an increase of approximately 310 per cent. Consequently, while the unmatured funded debt, measured as a percentage of the gross national product, rose from 65 per cent in 1938-39 to approximately 70 per cent in 1951-52 the relative burden of the funded debt, measured in terms of interest charges as a percentage of the gross national product, actually decreased from 2·3 per cent in 1938-39 to 1·8 per cent in 1951-52.



Summary of Security Issues and Redemptions during the Year

145. During the fiscal year Government obligations excluding Treasury Bills in the amount of $2,762 million matured. The financing of these retirements which were all payable in Canadian dollars was effected as follows:

	(In millions of dollars)
By refunding or conversion into new issues	$ 2,100·0
By sale of Canada Savings Bonds Series VI (net)	362·2
From available cash	299·8
	$ 2,762·0

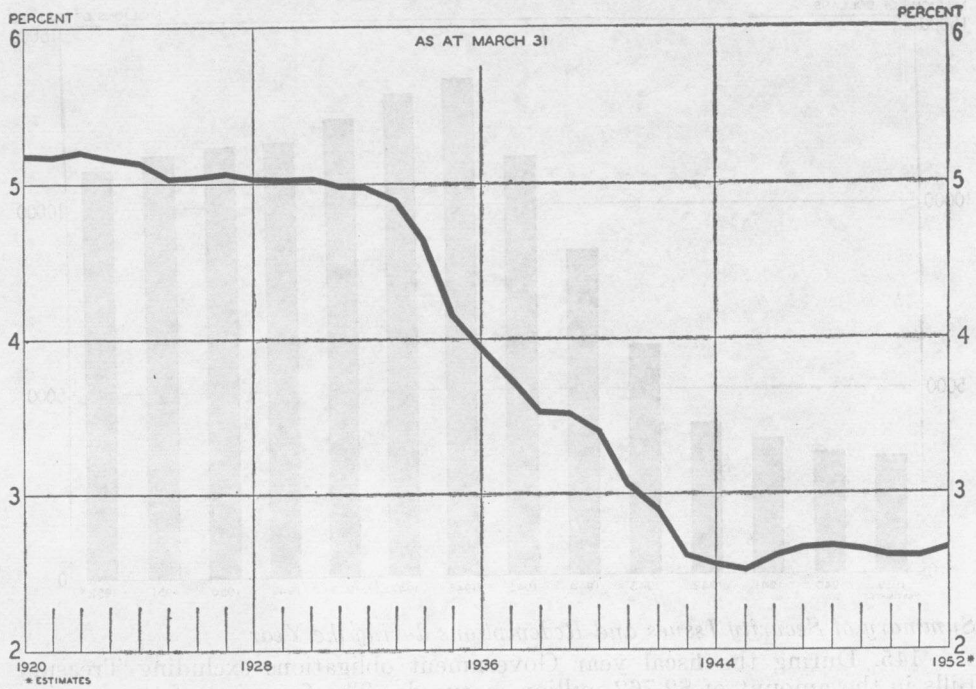
146. Funded debt payable in Canadian dollars decreased by an estimated amount of $303·7 million during the fiscal year. The retirement of $299·8 million out of available cash and the transfer of $5·8 million to revenue of the excess provision of the reserve for the refundable portion of the excess profits tax less $1·9 million of accrued interest added to principal of War Savings Certificates account for the net reduction achieved during the fiscal year.

147. The Canadian dollar value of the Government's external funded debt decreased by $20·1 million during the fiscal year. Of this amount $17·4 million was in respect of indebtedness payable in United States dollars and $2·7 million in respect of sterling debt. These reductions were consequent upon the revaluation of liabilities payable in those currencies to reflect the change in the exchange rates in effect at March 31, 1952 as compared with March 31, 1951.

148. From the foregoing it will be seen that the over-all reduction of $323·8 million in the outstanding funded debt was due to cash payments of $299·8 million, revaluations to reflect changes in the exchange rates of $20·1 million and sundry other non-cash adjustments amounting to $3·9 million net.

149. The average coupon rate of the Government's outstanding funded debt at the close of the fiscal year is estimated at 2·65 per cent compared with 2·60 per cent at the close of the previous fiscal year.

AVERAGE INTEREST RATE ON FUNDED DEBT



150. More complete details of redemptions and new issues of securities during the fiscal year are set out in the following tables:

REDEMPTION OF FUNDED DEBT DURING FISCAL YEAR ENDED MARCH 31, 1952

Maturity Date	Interest Rate	Where Payable	Amount
	%		$
May 1, 1951	7/8	Canada	200,000,000
August 29	1	Canada	200,000,000
September 1	1	Canada	550,000,000
November 1	1 3/4	Canada	500,000,000
November 1	1	Canada	200,000,000
February 1, 1952	3 1/4	Canada	50,492,475
February 27	1 1/8	Canada	200,000,000
March 1	1 1/8	Canada	550,000,000
War Savings Certificates	3	Canada	(1) 36,212,461
Canada Savings Bonds, Series I, II, III, IV and V	2 3/4	Canada	256,698,100
Total Bonds and Certificates			2,743,403,036
Repayment of Refundable Portion of Excess Profits Tax			(2) 18,590,596
Total Redemption of Debt			2,761,993,632

(1) This is the amount of War Savings Certificates redeemed during the fiscal year. Accrued interest estimated at $1·9 million was added to principal.

(2) Not including $5·8 million excess provision transferred to revenue.

NEW SECURITY ISSUES DURING FISCAL YEAR ENDED MARCH 31, 1952

—	Issue Date	Maturity Date	Interest Rate	Price to Government	Yield at Price to Government	Total Amount Issued	Renewals or Reconversion Included in Amount Issued	Amount Issued for Cash
PAYABLE IN CANADA			%		%	$	$	$
Issued to Chartered Banks—								
Deposit Certificates	Aug. 29, 1951	Feb. 27, 1952	1¼	100·00	1·125	200,000,000	200,000,000	.....
Deposit Certificates	Feb. 27, 1952	Aug. 27, 1952	1⅜	100·00	1·375	200,000,000	200,000,000	.....
Two Year Loan	Nov. 1, 1951	Nov. 1, 1953	2	99·15	2·44	64,994,000	64,994,000	.....
						464,994,000	464,994,000	.....
Issued to Bank of Canada—								
Six Months Treasury Notes	May 1, 1951	Nov. 1, 1951	1	100·00	1·000	200,000,000	200,000,000	.....
Six Months Treasury Notes	Sept. 1, 1951	Mar. 1, 1952	1¼	100·00	1·125	550,000,000	550,000,000	.....
Six Months Treasury Notes	Nov. 1, 1951	May 1, 1952	1¼	100·00	1·125	200,000,000	200,000,000	.....
Six Months Treasury Notes	Mar. 1, 1952	Sept. 1, 1952	1⅜	100·00	1·375	550,000,000	550,000,000	.....
Two Year Loan	Nov. 1, 1951	Nov. 1, 1953	2	99·15	2·44	135,006,000	135,006,000	.....
						1,635,006,000	1,635,006,000	.....
Issued to General Public—								
Canada Savings Bonds Series VI Net	Nov. 1, 1951	Aug. 1, 1962	3½	99·3125	.....	362,200,000	.....	362,200,000
GRAND TOTAL	.....	.....	.....	.....	.....	2,462,200,000	2,100,000,000	362,200,000

Indirect or Contingent Liabilities

151. It should be noted that the Government has certain indirect or contingent liabilities which are in addition to the direct debt set out in the balance sheet. Included under this heading, for example, are the Government's guarantees of certain securities issued by various Government owned enterprises such as the Canadian National Railways, the Canadian National (West Indies) Steamships Limited, and the Saint John Harbour Commission; the guarantee of deposits maintained by the chartered banks in the Bank of Canada; guarantees of certain loans made by chartered banks to veterans or farmers for certain authorized purposes; guarantees under the Export Credits Insurance Act; and certain commitments under housing legislation.

152. The following table gives details of the bonds and debenture stocks guaranteed by the Government, and also indicates the nature and approximate extent of the Government's other guarantees and contingent liabilities.

BONDS AND DEBENTURE STOCKS GUARANTEED BY THE GOVERNMENT
AS AT MARCH 31, 1952

Date of Maturity	Issue	Interest Rate	Estimated Amount Outstanding
		%	$
Aug. 1, 1952..	Saint John Harbour Commissioners	5	667,953
July 10, 1953..	Canadian Northern	3	668,990
Feb. 1, 1954..	Canadian National	5	50,000,000
May 1, 1954..	City of Saint John Debentures assumed by Saint John Harbour Commissioners	5¼	3,329
Mar. 1, 1955..	Canadian National (West Indies) Steamships Limited	5	9,400,000
June 15, 1955..	Canadian National	4¾	48,496,000
Feb. 1, 1956..	Canadian National	4½	67,368,000
July 1, 1957..	Canadian National	4½	64,136,000
July 20, 1958..	Canadian Northern	3½	5,512,814
Jan. 15, 1959..	Canadian National	3	35,000,000
May 4, 1960..	Canadian Northern Alberta	3½	316,856
May 19, 1961..	Canadian Northern Ontario	3½	2,069,805
Jan. 1, 1962..	Grand Trunk Pacific	3	26,465,130
Jan. 1, 1962..	Grand Trunk Pacific	4	7,999,074
Jan. 3, 1966..	Canadian National	3	35,000,000
Jan. 2, 1967..	Canadian National	2¾	50,000,000
Sept. 15, 1969..	Canadian National	2⅞	70,000,000
Jan. 16, 1971..	Canadian National	2⅞	40,000,000
June 15, 1975..	Canadian National	2¾	6,000,000
Perpetual.....	Grand Trunk Debenture Stock	5	584,601
Perpetual.....	Great Western Debenture Stock	5	287,504
Perpetual.....	Grand Trunk Debenture Stock	4	3,133,598
Perpetual.....	Northern Railway of Canada Debenture Stock	4	12,998
			523,122,652

OTHER OUTSTANDING GUARANTEES AND CONTINGENT LIABILITIES

	Estimated Amount Outstanding
Deposits maintained by the chartered banks in the Bank of Canada (March 31, 1952)	$ 656,529,146
Bank advances, *re* Province of Manitoba Savings Office (March 31, 1952)	3,140,078
Province of Manitoba Treasury Bill (March 31, 1952)	1,500,000
Loans made by chartered banks under the Farm Improvement Loans Act, 1944 (January 31, 1952)	22,935,208
Loans made by chartered banks under the Veterans' Business and Professional Loans Act (December 31, 1951)	1,989,270
Guaranteed Bank Loans—Acadia Coal Company (March 13, 1952)	146,000
Guarantees under Part II of The Export Credits Insurance Act (March 31, 1952)	11,475,000
Loans made by approved lending institutions under Dominion and National Housing Acts	Indeterminate
Guarantees of land assembly projects under National Housing Act (December 31, 1951)	277,826
Loans made by chartered banks under The Prairie Grain Producers' Interim Financing Act, 1951 (February 29, 1952)	367,000

7. SUPPLEMENTARY DETAILED TABLES

REVENUES

EXPENDITURES

LOANS AND ADVANCES AND INVESTMENTS

SOURCES AND DISPOSITION OF CASH FUNDS

UNMATURED FUNDED DEBT

STATEMENT OF REVENUES FOR THE LAST FIVE FISCAL YEARS

(thousands of dollars)

—	1947-48	1948-49	1949-50	1950-51	Estimated 1951-52
	$	$	$	$	$
TAX REVENUE—					
Direct Taxes—					
Direct Taxes on Incomes—					
Individual Income Tax	659,828	762,564	621,982	652,329	980,000
Tax on Interest and Dividends	33,929	40,965	47,475	61,610	55,500
Taxes on Rents and Royalties	1,960	2,480			
Corporation Income Tax	364,131	491,990	603,193	799,197	1,136,000
Less Old age security tax transferred to old age security fund	.....	.....	.....	.....	−2,000
Excess Profits Tax	227,030	44,792	−1,788	10,141	2,200
Total Direct Taxes on Incomes	1,286,878	1,342,791	1,270,862	1,523,277	2,171,700
Succession Duties	30,828	25,550	29,920	33,599	38,000
Total Direct Taxes	1,317,706	1,368,341	1,300,782	1,556,876	2,209,700
Indirect Taxes—					
Customs Import Duties	293,012	222,975	225,878	295,722	353,000
Excise Duties—					
Spirits, malt, etc	97,675	101,105	107,035	129,390	123,000
Cigars, cigarettes and tobacco	102,116	106,241	115,982	114,486	102,000
Licences	37	39	38	38	38
Less refunds	−3,034	−2,733	−2,490	−2,868	−3,038
Total Excise Duties	196,794	204,652	220,565	241,046	222,000
Excise Taxes—					
Taxes on Commodities—					
Sales Tax	383,012	390,174	415,222	470,627	615,000
Less old age security tax transferred to old age security fund	.....	.....	.....	.....	−19,000
Automobiles, rubber tires and tubes	31,949	36,943	38,193	70,841	99,600
Beverages (soft drinks)	23,767	27,689	1,627	7,212	19,000
Candy and chewing gum	18,279	19,888	1,030	10,880	11,800
Cigars, cigarettes and tobacco	68,606	77,665	83,497	85,199	110,000
Cigarette papers and tubes	6,419	6,999	7,223	7,734	420
Electric and gas appliances	2,824	3,894	.....	2,080	5,000
Furs	3,139	3,693	2,937	4,509	5,200
Gasoline	2,208	.....	.....	.....	.....
Matches and lighters	3,967	3,412	1,091	1,161	1,800
Phonographs, radios and tubes	5,325	3,562	3,101	5,548	8,700
Special excise on importations	2,113	279	.....	.....	.....
Stoves, washing machines and refrigerators	.....	.....	.....	.....	10,500
Sugar	10,572	.....	.....	.....	.....
Toilet preparations and soaps	7,146	7,757	4,316	4,551	8,400
Trunks, bags, luggage, etc	4,962	5,565	2,257	2,604	4,000
Wines	2,342	2,060	2,126	2,225	2,250
Jewellery, ornaments, etc	.....	.....	4,077	6,459	10,000
Sundry	4,716	4,700	2,310	4,327	7,350
Taxes on Amusements and Services—					
Amusements	15,369	2,483	.....	.....	.....
Tax on pari-mutuel bets	2,519	105	.....	.....	.....
Transportation and communication	27,531	29,034	3,967	.....	.....
Stamps, including payment of taxes on jewellery, chinaware, cabaret attendance, etc	24,300	22,725	9,898	10,945	11,330
Licences, interest and miscellaneous	376	382	370	372	650
Less refunds (mainly sales tax)	−10,683	−12,871	−11,785	−10,506	−13,000
Total Excise Taxes	640,758	636,138	571,457	686,768	899,000
Other Taxes—					
Chartered bank note circulation	188	166	121	.....	.....
Insurance premiums	3,004	3,339	3,789	4,228	4,500
Miscellaneous	613	531	525	710	800
Total Indirect Taxes	1,134,369	1,067,801	1,022,335	1,228,474	1,479,300
Total Revenue from Taxes	2,452,075	2,436,142	2,323,117	2,785,350	3,689,000

STATEMENT OF REVENUES FOR THE LAST FIVE FISCAL YEARS—*Concluded*

(thousands of dollars)

—	1947-48	1948-49	1949-50	1950-51	Estimated 1951-52
	$	$	$	$	$
NON-TAX REVENUE—					
Post Office	77,759	80,604	84,512	90,443	105,000
Return on Investments	75,800	107,889	91,529	89,529	117,500
Bullion and coinage	1,731	3,253	4,523	4,708	4,500
Premium, discount and exchange	3,736	.....	.....	17,562	12,000
Other	18,745	21,202	25,035	31,106	37,900
Total Non-Tax Revenue	177,771	212,948	205,599	233,348	276,900
Total Ordinary Revenue	2,629,846	2,649,090	2,528,716	3,018,698	3,965,900
SPECIAL RECEIPTS AND CREDITS—					
Refunds of previous years' Special Expenditure	7	16	156	316	160
Special Receipts—War and Demobilization	162,376	91,281	34,765	47,213	17,325
Sale of surplus Crown Assets	63,381	25,840	16,351	19,613	13,824
Refundable portion of excess profits tax—Transfer to Revenue of excess reserve set up in previous years	.....	.....	.....	25,000	5,800
Donations to the Crown	138	69	54	2	2
Canadian Wheat Board—					
Surplus in certain special accounts	16	121	.....	.....	.....
Investment in Crown plants transferred to Active Assets	3,704	2,528	.....	.....	.....
Capital and Non-active Accounts—					
Capital Accounts—					
Refunds of previous years' expenditure	61	82	67	125	100
Transfer to Consolidated Deficit Account (contra)	158	2,243	.....	.....	.....
Non-active Accounts—					
National Harbours Board, reduction of indebtedness	82	.....	12	119	.....
Canadian Pacific Railway—					
Repayment of loan made under Relief Acts	.....	.....	.....	1,447	.....
1936 and 1937 Saskatchewan Seed Grain Loans Guarantees—					
Adjustment pursuant to The Western Provinces Treasury Bills and Natural Resources Settlement Act, 1947	9,773	.....	.....	.....	.....
Canadian National (West Indies) Steamships, Limited, reduction of indebtedness	256	80	.....	.....	.....
Write-off to Consolidated Deficit Account—					
Canadian National Railways Securities Trust Stock—reduction due to retirement of equipment during calendar year 1947	1,885	.....	.....	.....	.....
Seed Grain and Relief Loans	63	45	20	.....	.....
Soldier Settlement Loans—Repayments	.....	.....	.....	3	.....
Total Special Receipts and Credits	241,900	122,305	51,425	93,838	37,211
Total Revenue	2,871,746	2,771,395	2,580,141	3,112,536	4,003,111

STATEMENT OF EXPENDITURES BY DEPARTMENTS AND MAJOR CATEGORIES FOR THE LAST FIVE FISCAL YEARS

(thousands of dollars)

——	1947-48	1948-49	1949-50	1950-51	Estimated 1951-52
	$	$	$	$	$
Agriculture—					
Administration and general	466	538	644	692	715
Science Service	3,593	4,358	6,061	7,093	7,125
Experimental Farms Service	4,386	5,087	5,810	7,140	7,824
Production Service	4,897	6,504	8,394	8,774	8,695
Marketing Service	2,969	3,890	4,387	4,936	4,124
Rehabilitation and reclamation projects	3,389	6,285	8,846	13,212	11,830
Freight assistance on western feed grains	20,092	18,154	16,764	15,638	15,000
Premium on hog carcasses suitable for export to United Kingdom	5,474	4,585	4,982	5,100	5,391
Advances to Prairie Farm Emergency Fund	10,744	8,640	13,138	4,304	.....
Payment to Canadian Wheat Board for distribution to producers	.....	.....	.....	65,000	.....
Subsidies on oats and barley used as feed for live stock	13,963	.....	.....	.....	.....
Other Expenditure	9,640	3,732	6,021	10,896	6,227
	79,613	*61,773*	*75,047*	*142,785*	*66,931*
Auditor General's Office	495	533	562	574	603
Canadian Broadcasting Corporation	1,317	3,921	2,772	2,405	8,318
Office of the Chief Electoral Officer	151	287	4,456	278	265
Citizenship and Immigration—					
Administration and Citizenship	.....	.....	376	531	1,017
Immigration Branch	2,742	5,607	4,957	5,578	8,191
Indian Affairs Branch	7,370	10,576	12,368	14,564	14,191
	10,112	*16,183*	*17,701*	*20,673*	*23,399*
Civil Service Commission	1,271	1,364	1,513	1,580	1,702
Defence Production—					
Administration and general	.....	.....	.....	.....	9,849
Capital assistance to defence industry	.....	.....	.....	.....	29,896
	.....	.....	.....	.....	*39,745*
External Affairs	5,751	6,655	7,050	7,660	9,758
Membership in Commonwealth and International Organizations	1,449	2,048	2,671	2,962	2,725
Assistance to Other Countries and International Organizations	22,395	5,811	6,959	11,458	25,619
	29,595	*14,514*	*16,680*	*22,080*	*38,102*
Finance—					
Departmental administration and general	2,760	4,987	5,448	7,354	8,109
Office of the Comptroller of the Treasury	10,635	11,103	11,140	11,345	12,453
Interest on public debt	455,455	465,138	439,816	425,217	430,663
Cost of issuing new loans and annual amortization of bond discounts and commissions	10,914	9,745	10,546	13,354	10,734
Servicing of public debt	356	331	478	449	391
Subsidies to Provinces	33,394	17,095	19,170	18,735	20,108
Compensation to Provinces—					
Tax Rental Agreements	122,497	84,387	76,881	94,123	96,868
Sec. 7—Tax Rental Agreements Act	.....	.....	1,375	4,565	3,732
Transitional grant to Newfoundland	.....	.....	6,500	6,500	6,500
Government contribution to the Superannuation Account—General	3,488	4,050	5,461	6,831	12,911
—Special	.....	.....	.....	75,000	98,000
Grants to Universities	.....	.....	.....	.....	6,994
Implementation of guarantees (Ming Sung Industrial Co. Ltd.) Premium, Discount and Exchange	.....	111	19,740	.....	.....
Wartime Prices and Trade Board—					
Administration	5,794	3,321	2,567	1,599	152
Commodity Prices Stabilization Corporation Limited	34,341	14,911	.....	.....	40
Advances for payment of drawback claims to millers and other manufacturers of wheat products	17,000	11,000	400	.....	.....
Grant re Red River Valley flood	.....	.....	.....	12,500	.....

STATEMENT OF EXPENDITURES BY DEPARTMENTS AND MAJOR CATEGORIES FOR THE LAST FIVE FISCAL YEARS—*Continued*

(thousands of dollars)

——	1947-48	1948-49	1949-50	1950-51	Estimated 1951-52
	$	$	$	$	$
Finance—*Concluded*					
Provision for reserve for possible losses on ultimate realization of active assets	75,000	75,000	75,000	75,000	75,000
Assumption of part of Newfoundland debt under Terms of Union	.....	.....	62,293	.....	.....
Write-down from Active to Non-Active Assets—Trading losses in Securities Investment Account	.....	.....	8,299	.....	.....
Soybean Flour Suspense Account	.....	.....	126	.....	.....
	771,634	*701,179*	*745,240*	*752,572*	*784,000*
Fisheries	4,315	5,423	7,586	8,964	8,740
Governor General and Lieutenant Governors	239	242	274	244	257
Insurance	237	263	311	369	405
Justice	3,948	4,025	4,268	4,609	5,244
Office of the Commissioner of Penitentiaries	4,564	5,863	6,691	7,798	9,286
	8,512	*9,888*	*10,959*	*12,407*	*14,530*
Labour	13,506	9,860	9,770	9,030	9,632
Government Annuities—Amount required to maintain reserve	332	11,408	1,256	660	1,000
Unemployment Insurance Act, 1940—					
Administration and general	17,845	19,056	24,033	26,805	24,105
Government contribution	17,500	20,103	21,084	26,133	30,100
	49,183	*60,427*	*56,143*	*62,628*	*64,837*
Legislation—					
House of Commons	3,022	2,629	3,765	3,332	4,365
Library of Parliament	103	126	127	137	151
Senate	946	736	1,178	976	1,237
General	270	272	159	266	265
	4,341	*3,763*	*5,229*	*4,711*	*6,018*
Mines and Technical Surveys	6,911	9,481	9,839	10,442	10,810
Dominion Coal Board	1,143	2,164	4,357	3,561	5,247
Emergency Gold Mining Assistance	.....	9,433	13,716	7,114	11,404
Write-down from Active to Non-Active Assets—Abasand Oils Limited	.....	.....	1,802	.....	.....
	8,054	*21,078*	*29,714*	*21,117*	*27,461*
National Defence—					
General	206	234	383	901	274
Defence Forces, Army, Navy and Air Services	182,047	238,915	348,050	545,738	1,205,805
Sec. 3 Defence Appropriation Act, 1950	.....	.....	.....	195,417	125,117
Defence Research and Development	6,024	16,033	22,389	23,415	34,056
Pensions—					
Payments under Defence Services Pension Act	5,060	5,756	5,011	5,011	5,073
Government contribution to Permanent Services Pension Fund	7,313	7,867	9,046	11,975	30,712
	200,650	*268,805*	*384,879*	*782,457*	*1,401,037*
National Film Board	2,083	1,958	2,123	2,308	2,679
National Health and Welfare	10,922	14,412	16,901	17,344	21,144
General health grants	.....	7,528	15,716	18,875	24,882
Family allowances	263,165	270,910	297,514	309,465	320,495
Old age pensions including pensions to blind persons	59,086	66,764	93,189	103,169	83,494
Deficit—Old Age Security Fund	.....	.....	.....	.....	55,000
	333,173	*359,614*	*423,320*	*448,853*	*505,015*
National Research Council and Atomic Energy Control Board	12,102	13,082	16,170	18,014	25,104
National Revenue, including Taxation Division	33,912	45,402	47,832	46,056	45,830
Post Office	67,943	77,643	82,640	91,781	98,129
Privy Council, including Prime Minister's Office	1,394	4,457	4,128	4,250	4,136
Public Archives	157	173	198	206	254
Public Printing and Stationery	536	753	866	706	1,190
Public Works	36,787	51,067	67,058	73,646	76,650
Reconstruction and Supply	62,573	2,822	.....	.....	.....

STATEMENT OF EXPENDITURES BY DEPARTMENTS AND MAJOR CATEGORIES FOR THE LAST FIVE FISCAL YEARS—*Concluded*

(thousands of dollars)

——	1947-48	1948-49	1949-50	1950-51	Estimated 1951-52
	$	$	$	$	$
Resources and Development	8,657	12,402	23,266	21,688	19,033
Trans-Canada Highway contributions				7,205	12,884
	8,657	*12,402*	*23,266*	*28,893*	*31,917*
Royal Canadian Mounted Police	12,033	13,717	15,971	19,801	27,531
Secretary of State	1,345	1,559	1,600	2,065	2,402
Trade and Commerce	12,253	36,755	25,761	23,443	22,071
Deficits incurred by the Canadian Wheat Board covering operations for Government account	31,450	4,454	4,471	2,536	.....
Deficit—Trans-Canada Air Lines	1,370	2,933	4,318	1,325	.....
Non-Active Assets—					
Write off—St. Malo Shops and Miscellaneous Property	.....	2,243	.....	.....	.....
	45,073	*46,385*	*34,550*	*27,304*	*22,071*
Transport—					
Administration and general	2,421	3,525	3,808	2,528	4,497
Canals Service	3,638	4,662	6,198	8,290	7,829
Marine Service	9,901	12,627	17,537	17,187	18,215
Railway Service	4,680	3,838	4,488	1,981	1,758
Maritime Freight Rates Act	5,090	6,606	6,982	8,475	10,114
Air Services	24,309	28,182	34,115	33,553	36,996
Steamship Subventions, including Canadian Maritime Commission	2,284	2,166	2,277	5,899	4,514
Deficits—					
Canadian National Railways	15,885	33,533	42,043	3,261	15,032
Canadian National (West Indies) Steamships Limited	.....	.....	461	1,029	467
Prince Edward Island Car Ferry and Terminals	932	1,220	1,221	1,267	1,366
National Harbours Board	137	238	83	188	55
Non-Active Assets—					
National Harbours Board	372	1,739	4,236	1,465	1,252
Write-off—Canadian National Railways Securities Trust Stock—Reduction due to retirement of equipment	1,885	.....	.....	.....	.....
	71,534	*98,336*	*123,449*	*85,123*	*102,095*
Veterans Affairs—					
Administration and general	1,765	3,628	3,850	2,385	2,540
Pensions	77,093	102,951	96,091	95,577	103,801
Treatment and after-care of returned soldiers and allowances to dependents	73,747	69,565	69,507	71,646	76,506
Hospital accommodation, additions, alterations and improvements to	6,805	5,095	3,811	3,008	3,500
Post discharge rehabilitation benefits	78,323	44,826	25,099	13,502	6,713
War service gratuities and re-establishment credits	84,175	36,148	22,641	16,868	9,717
Soldier Settlement and Veterans Land Acts	8,092	8,035	7,383	6,282	5,622
Provision for reserve for conditional benefits under Veterans Land Act	4,505	5,631	6,496	7,110	7,622
Write-down of Assets—					
Soldier Settlement and Veterans Land Acts Loans	2,100	1,000	11,500	14	.....
	336,605	*276,879*	*246,378*	*216,392*	*216,021*
Total Expenditure	2,195,626	2,175,892	2,448,615	2,901,242	3,647,374

NOTE—Expenditures for previous fiscal years, under a number of departments and categories, have been transferred to where the items are included in the estimated figures for 1951-52.

ANNUAL CHANGES IN ACTIVE LOANS AND INVESTMENTS FOR THE LAST FIVE FISCAL YEARS

(In thousands of dollars)

—	Fiscal Year Ended March 31				
	1948	1949	1950	1951	Estimated 1952
	$	$	$	$	$
Working Capital Advances to Crown Corporations					
Canadian Arsenals, Ltd.	2,500	2,500	.....	2,500	.....
Canadian Commercial Corporation	.....	1,000	.....	.....	6,500
Canadian Patents and Development, Ltd.	.....	.....	296	.....	.....
Commodity Prices Stabilization Corporation	Cr. 19,341	Cr. 14,911	Cr. 3,000	Cr. 1,500	Cr. 14
Crown Assets Disposal Corporation	Cr. 345	Cr. 108	Cr. 1,183	.....	Cr. 45
Export Credits Insurance Corporation—Capital Surplus	2,500	.....	.....	.....	.....
	Cr. 14,686	Cr. 11,519	Cr. 3,887	1,000	6,441
Loans to, and Investments in, Crown Agencies					
Central Mortgage and Housing Corporation—Loans	22,500	68,000	91,460	79,389	77,651
Canadian Broadcasting Corporation	.....	1,250	4,500	650	850
Canadian Farm Loan Board	99	1,050	1,950	1,900	1,300
National Harbours Board	Cr. 26	213	20,382	1,004	226
Railway and Steamship Companies	81,717	4,067	Cr. 20,963	20,188	138,584
Other Crown Agencies	2,500	4,615	Cr. 1,295	Cr. 840	Cr. 911
	106,790	79,195	96,034	102,291	217,700
Other Loans and Investments					
Provincial and Municipal Governments	Cr. 63,629	Cr. 5,376	Cr. 4,031	Cr. 3,180	Cr. 4,157
United Kingdom and Other Governments—					
United Kingdom—Loan under The War Appropriation (U.K. Financing) Act, 1942	Cr. 111,285	Cr. 29,487	Cr. 9,936	Cr. 40,567	Cr. 31,092
United Kingdom Financial Agreement Act, 1946—Loan	368,000	37,000	120,000	20,000	Cr. 14,010
Export Credits Insurance Act	130,934	68,196	Cr. 10,964	Cr. 22,935	Cr. 19,757
Other (U.K. and Other Governments)	Cr. 5,712	2,060	5,541	144	5,345
Canada's subscription to Capital of—					
International Monetary Fund	.....	.....	22,500	.....	170
International Bank for Reconstruction and Development	16,250	.....	5,658	.....	.....
Miscellaneous—					
Loans to veterans under the Soldier Settlement and Veterans' Land Acts	37,522	21,901	7,292	14,625	9,428
Balances receivable under agreements of sale of Crown Assets	Cr. 1,972	Cr. 1,230	Cr. 2,889	Cr. 1,043	Cr. 1,587
Other miscellaneous loans	Cr. 1,157	Cr. 588	Cr. 812	Cr. 54	3,432
	368,951	92,476	132,359	Cr. 33,010	Cr. 52,228
Sinking Fund and Other Investments held for retirement of unmatured funded debt	.....	.....	.....	5,499	3,299
Net Total of Changes in Loans and Investments	461,055	160,152	224,506	75,780	175,212

SUMMARIZED STATEMENT SHOWING SOURCES AND DISPOSITION OF CASH FUNDS, FOR THE FISCAL YEAR ENDED MARCH 31, 1952

(In millions of dollars)—Estimated

Net cash balance remaining out of current year's revenue		809·5
Consisting of:		
Excess of revenues over expenditures (i.e. budgetary surplus)	355·7	
Add back items included in total expenditures which did not represent cash*	472·7	
	828·4	
Deduct items included in total revenues which did not represent cash receipts*	18·9	
	809·5	
Increase in Floating Debt		62·8
Increases in annuity, pension, insurance and guaranty accounts excluding Unemployment Insurance Fund		11·0
Unemployment Insurance Fund—net cash contributions		67·6
Provincial corporation income tax collections (net)		14·6
Repayments of loans and investments by—		
Provincial and Municipal Governments		4·2
United Kingdom and Other Governments		66·1
Increases in miscellaneous suspense accounts		7·4
		1,043·2
Decrease in cash balances during 1951-52		66·0
		1,109·2
Disposition of cash funds:—		
Increases in loans and investments:—		
Advances to Minister of Finance Exchange Fund	200·0	
Advances to Defence Production Revolving Fund	95·0	
Advances for working capital—Departmental	19·2	
Crown corporations	6·5	
Loans to Central Mortgage & Housing Corporation	69·7	
Loans to Canadian National Railways	138·6	
Loans under Soldier Settlement and Veterans' Land Acts	9·4	
Loans to miscellaneous Crown agencies (net)	1·5	
Other loans and investments	2·1	
Increase in securities investment account	49·6	
Unemployment Insurance Fund—purchase of securities	102·6	
Sinking Fund purchases	4·4	
Disbursements from Defence Equipment Replacement Account	50·6	
Old Age Security Fund (net payments)	55·0	
Decrease in deposit and trust accounts	0·6	
Cost of issuing new loans	4·0	
Decrease in Deferred Credits	0·6	
		809·4
Net reduction in Funded Debt		299·8
		1,109·2

* To calculate the amount of cash made available to the Government as a result of the current year's surplus there must be added back to the budgetary surplus figure of $355·7 million, the following items included in total expenditure which did not involve current outlays of cash: provision for reserve for possible losses on ultimate realization of active assets, $75·0 million; provision for reserve for conditional benefits under the Veterans Land Act, $7·6 million; annual amortization of bond discounts and commissions, $9·7 million; transfer of value to a replacement fund of stocks of weapons and equipment provided to allied forces, $73·4 million; amount required to recoup the Agricultural Prices Support Account, $1·7 million; amount required to recoup the Fisheries Prices Support Account, $0·1 million; amount required to recoup the Old Age Security Fund, $55·0 million; the Government's contributions to the following funds: Civil Service Superannuation Account, $110·9 million; permanent services pension account, $30·7 million; Unemployment Insurance Fund, $30·1 million; Government Annuities Fund, $1·0 million and the National Capital Fund, $2·5 million; interest on public debt credited to the following accounts: deposit and trust accounts, $2·3 million; annuity, pension, insurance and guaranty accounts, $38·7 million and unmatured funded debt, war savings certificates, $1·9 million; deductions from salary payments credited to: civil service superannuation account, $12·9 million; civil service retirement fund, $7·0 million, and the permanent services pension account, $12·2 million. There must also be deducted from the budgetary surplus the following items included in total revenue which did not involve current receipts of cash: premium, discount and exchange account, $12·0 million; an excess amount of reserve for refundable excess profits tax received in previous years and carried as a liability-funded debt, $5·8 million; and $1·1 million representing portion of an amount held in suspense *re* Canadian Government Merchant Marine—War Operations.

UNMATURED FUNDED DEBT AND TREASURY BILLS AS AT MARCH 31, 1952, AND THE ANNUAL INTEREST PAYABLE THEREON

Date of Maturity	Rate Per Cent	Where Payable	Amount of Loan	Annual Interest Charge
			$ cts.	$ cts.
1952, May 1	1⅛	Canada	200,000,000 00	2,250,000 00
Aug. 27	1⅜	Canada	200,000,000 00	2,750,000 00
Sept. 1	1⅜	Canada	550,000,000 00	7,562,500 00
Nov. 1	1½	Canada	300,000,000 00	4,500,000 00
Nov. 1	1¾	Canada	300,000,000 00	5,250,000 00
1953, March 1	1½	Canada	325,000,000 00	4,875,000 00
Nov. 1	2	Canada	200,000,000 00	4,000,000 00
1954, March 1	3	Canada	(1) 676,355,489 00	20,089,767 00
Dec. 15	2	Canada	395,000,000 00	7,900,000 00
1956, July 1	2¼	Canada	400,000,000 00	9,000,000 00
Nov. 1	3	Canada	(2) 855,607,410 50	25,414,081 50
Nov. 1	2¾	Canada	*199,900,000 00	5,497,250 00
1957, May 1	3	Canada	1,111,261,650 00	33,337,849 50
Nov. 1	2¾	Canada	*106,450,000 00	2,927,375 00
1958, June 1	3	Canada	88,200,000 00	2,646,000 00
Sept. 1	4	London	(3) 1,787,917 58	71,516 70
Nov. 1	2¾	Canada	*101,200,000 00	2,783,000 00
1959, Jan. 1	3	Canada	1,197,324,750 00	35,919,742 50
Nov. 1	2¾	Canada	*146,500,000 00	4,028,750 00
1960, June 1	3	Canada	1,165,300,350 00	34,959,010 50
Nov. 1	2¾	Canada	*144,550,000 00	3,975,125 00
1961, Jan. 15	3¼	New York	48,000,000 00	1,560,000 00
1962, Feb. 1	3	Canada	1,315,639,200 00	39,469,176 00
Aug. 1	3½	Canada	*362,200,000 00	12,670,000 00
1963, July 1	3¼	London	(3) 1,978,362 38	64,296 78
July 1	3	London	(3) 49,831,924 41	1,494,957 73
Aug. 1	3	New York	150,000,000 00	4,500,000 00
Oct. 1	3	Canada	1,295,819,350 00	38,874,580 50
1966, June 1	3¼	Canada	54,703,000 00	1,777,847 50
Sept. 1	3	Canada	1,691,796,700 00	50,753,901 00
1968, June 15	2¾	Canada	350,000,000 00	9,625,000 00
1974, Sept. 1	2¾	New York	100,000,000 00	2,750,000 00
1975, Sept. 15	2¾	New York	50,000,000 00	1,375,000 00
Perpetual	3	Canada	55,000,000 00	1,650,000 00
1952, April 4 Treasury Bills	·889	Canada	75,000,000 00	165,955 00
April 18 Treasury Bills	·890	Canada	75,000,000 00	166,008 00
May 2 Treasury Bills	·894	Canada	75,000,000 00	166,841 00
May 23 Treasury Bills	·909	Canada	75,000,000 00	169,526 00
June 6 Treasury Bills	·921	Canada	75,000,000 00	171,808 00
June 20 Treasury Bills	·943	Canada	75,000,000 00	176,328 00
War Savings Certificates	3	Canada	*63,600,000 00	1,908,000 00
			14,703,006,103 87	389,226,193 21
Payable in Canada			14,301,407,899 50	97·27%
Payable in London			53,598,204 37	0·36%
Payable in New York			348,000,000 00	2·37%
			14,703,006,103 87	100·00%

(1) Redeemable at 101 per cent. Amount outstanding includes $6,696,589.00 redemption bonus.
(2) Redeemable at 101 per cent. Amount outstanding includes $8,471,360.50 redemption bonus.
(3) Conversion rate estimated at $2·80 to the £ sterling.
* Estimated.

HOUSE OF COMMONS

Wednesday, April 9, 1952

The house met at three o'clock.

SPEECH FROM THE THRONE

ACKNOWLEDGMENT OF ADDRESS IN REPLY

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

Government House, Ottawa,
9th April, 1952

Members of the House of Commons:

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

Vincent Massey

VACANCIES

Mr. Speaker: I have the honour to inform the house that I have received a communication informing me that the following vacancies have occurred in the representation:

Of Joseph Alfred Dion, Esquire, for the electoral district of Roberval, consequent upon his acceptance of an office of emolument under the crown.

Of Henri A. Gosselin, Esquire, for the electoral district of Brome-Missisquoi, by decease.

Of Heber Harold Hatfield, Esquire, for the electoral district of Victoria-Carleton, by decease.

I accordingly issued my warrants to the chief electoral officer to make out new writs of election for the said electoral districts respectively.

HOUSE OF COMMONS

APPOINTMENT OF CHAIRMAN OF COMMITTEES OF THE WHOLE

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, as you know, standing order 56 requires that if a vacancy occurs in the office of chairman of the committee of the whole house the house shall forthwith proceed to elect a successor. In conformity with that rule I move, seconded by Mr. Howe:

That Louis Rene Beaudoin, Esquire, member for the electoral district of Vaudreuil-Soulanges, be appointed chairman of the committees of the whole house.

Some hon. Members: Hear, hear.

Mr. St. Laurent: I need not say, in view of the way in which this motion has been greeted by the house, that we all appreciate the experience the hon. gentleman has acquired in his role as deputy chairman of the committees of the whole and we hope he will be able to exercise in his new role the same urbanity and impartial fairness he displayed in his role of deputy chairman of committees.

Motion agreed to.

CONCURRENCE IN REPORT OF CIVIL SERVICE COMMISSION RESPECTING CERTAIN EMPLOYEES

Hon. F. G. Bradley (Secretary of State) moved:

That the report from the civil service commission respecting certain employees of the House of Commons, tabled on April 8, 1952, be approved.

He said: The report was presented by you, Mr. Speaker, yesterday.

Motion agreed to.

TELECOMMUNICATION

ANNUAL REPORT OF CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION FOR 1951, AND BUDGET FOR 1952

Hon. Lionel Chevrier (Minister of Transport): Mr. Speaker, pursuant to section 23 of the Canadian Overseas Telecommunication Corporation Act I beg leave to table the annual report of the Canadian Overseas Telecommunication Corporation for the calendar year 1951, along with the budget of the corporation for 1952.

Printed copies of the annual report in English are being distributed, and copies in French will be made available as soon as received from the printers.

COMBINES INVESTIGATION ACT

FINAL REPORT OF MACQUARRIE COMMITTEE

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, on March 31 last I informed the house that I had received the report of the committee appointed to study combines legislation, which has come to be known as the MacQuarrie committee. I explained at that time that I was delaying the tabling of the report until we could get the French translation of it. I am now tabling the final report, mimeographed in French and in English.

I may say that in the interests of early tabling the appendices, which consist of present and past legislation, are not included in the French copy, but will be tabled later as soon as they become available. While it is convenient to have them appended to the report for ready reference, they are not necessary to an understanding of it.

It is the intention of the government after the Easter recess to introduce legislation based upon the report.

Mr. George A. Drew (Leader of the Opposition): I should like to ask the minister whether the report recommends the setting up of some body to examine matters coming under the Combines Investigation Act, which body will be an intermediate stage between the investigation division and the combines branch.

Mr. Garson: No, I do not think I would put it quite in that way.

Mr. Drew: I am sorry—between the combines branch and the minister.

Mr. Garson: The report, which will of course speak for itself, proposes that the present functions exercised by the combines branch—of starting a preliminary inquiry, making an investigation and then reporting to the minister—shall be divided between two bodies. One body will make the inquiry and investigation, and then the reporting body will consider the evidence and make the final report to the minister.

Mr. Drew: This is the last day before the Easter recess and the minister has indicated that legislation will be introduced. Inasmuch as consideration is being given to the form of the legislation, I should like to point out that when a similar proposal was put forward with respect to broadcasting it was turned down by the government as being a method that would not be satisfactory. It would seem that if it is consistent in the one case it would be consistent in the other. I hope the minister will bear that in mind in drafting the legislation he will bring forward.

BEEF

ESTABLISHMENT OF SUPPORT PRICES FOR CATTLE

Mr. Robert McCubbin (Parliamentary Assistant to the Minister of Agriculture): I should like to make an announcement with respect to beef support prices.

The agricultural prices support board has been authorized to establish support prices for cattle on the basis of $25 per hundred pounds for good steers at Toronto, with appropriate differentials at other markets and for other classes of cattle. This price will remain in effect until July 1, 1952. The results of the policy will be reviewed before that date and monthly thereafter with a view to providing a proper measure of support until the United States embargo against Canadian cattle is lifted or modified sufficiently, or other markets are found to enable trade in livestock or meat to be resumed.

Differentials between markets will be based on differences which have prevailed in normal trade practice. In addition, cattle will be grouped into broad classes, and prices of the different classes will be supported in fair relationship to the price established for good steers.

While the support price will undoubtedly help to stabilize the cattle market and thereby give farmers the confidence necessary to enable them to spread their deliveries over a longer period, it must be clear that our cattle marketing difficulties can only be overcome by the reopening of the United States market or by some other arrangement for the disposal of surplus meat. In the meantime it is hoped and expected that large numbers of cattle which would normally come to market in the next few months will be retained on farms. With a holdback of even 15 per cent to 20 per cent of normal marketings there should be practically no surplus, and such a holdback would give the farmer the advantage of additional returns due to gain in weight which cattle will make pending the reopening of the United States market.

One purpose of this support price is to discourage heavy sales while the United States border is closed and thus prevent a chaotic condition in the market. If farmers and marketing agencies co-operate in the management of deliveries, well-finished cattle should be readily absorbed at reasonable rates in relation to the support price.

To assist the agricultural prices support board and the officers of the marketing service of the Department of Agriculture during the next few months, a special management committee will be set up. This committee will deal with operating policy. Officers of the marketing service will be responsible for all details of operation. In addition to the management committee there will be an advisory committee to which all provincial governments may appoint representatives. These special arrangements have been made to ensure that the interests and needs of each area will be fully considered.

Mr. Coldwell: Has the management committee been appointed? If so what is its personnel? Are the producers of livestock represented on that committee or indeed on

the advisory committee? In the latter case I understand appointments may be made by the provincial governments.

Mr. McCubbin: The members of the management committee have not all been appointed yet but as soon as they are appointed their names will be announced.

Mr. Coldwell: I hope consideration will be given to the appointment of producers.

Mr. McCubbin: Yes.

Mr. Fulford: Is consideration being given to stabilizing the dairy industry which finds itself in a predicament as a result of cattle being excluded from the United States market?

Mr. McCubbin: All these things are given consideration. I have no doubt this announcement will assist the dairy industry as well as the beef industry.

Mr. Catherwood: Will the parliamentary assistant to the Minister of Agriculture say when these floor prices on cattle will become effective?

Mr. McCubbin: They will come into effect immediately.

RAILWAYS, CANALS AND TELEGRAPH LINES

CONCURRENCE IN SECOND REPORT OF STANDING COMMITTEE

Mr. H. B. McCulloch (Pictou) moved:

That the second report of the standing committee on railways, canals and telegraph lines, presented to the house on Tuesday, April 8, be now concurred in.

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

Mr. Drew: Mr. Speaker, it does seem that there should be some explanation. Yesterday when this matter was brought forward some explanation was called for, and it should be forthcoming now.

Mr. Abbott: The report was tabled.

Mr. Robinson: The report was tabled yesterday.

Mr. Drew: May I simply point out that I regard you, Mr. Speaker, as the Speaker of the house, and I was directing my remarks through you to the member moving the motion. If the reason for the motion is that the report has been tabled, and that is adequate, then I think the house could be told that by the member who is moving concurrence in the report.

Mr. McCulloch: Yesterday the hon. member for Kamloops made a mistake, and he admitted to me he had made a mistake. This report was moved and adopted in the committee, and the same report was presented to the house yesterday.

Mr. Chevrier: And they are routine.

Motion agreed to.

QUESTIONS

IMPORTS OF NURSERY STOCK

Mr. Lennard:

1. Have there been any shipments of baled or burlapped nursery stock consigned to any party in the province of Saskatchewan from Europe, Mexico or South America, during the period from June 30 to December 31, 1951?
2. If so, from what countries?
3. What precautions were, and are now being taken with regard to baled and burlapped nursery stock entering Canada?
4. What, if any, changes have been made since November 1, 1950, in the regulations relative to baled and burlapped nursery stock, entering Canada?

Mr. McCubbin:

1. Yes.

2. 214 azaleas from Belgium.

3. The packing on all consignments of baled or burlapped nursery stock from foreign countries is examined for evidence of hay, straw or any other raw product of the soil. If such material is found it must be certified as disinfected in the country of origin or held for destruction in Canada.

4. The regulations under the Destructive Insect and Pest Act have been amended to require that the certificate of health from the country of origin shall include a special declaration "that through official soil sampling, or other official investigation, the nursery stock included in the shipment was grown under conditions indicating apparent freedom from the golden nematode, heterodera rostochiensis."

INCOME TAX—PER CAPITA PAYMENTS

Mr. Fair:

1. During each of the years 1946, 1947, 1948, 1949 and 1950, what is the income tax per capita for each province?
2. During the same period what amount of income tax per capita was paid by (a) farmers; (b) industrial workers: (c) professional persons; (d) clergy, in each province?
3. During the same period, what is the average tax paid by lawyers, medical doctors, dentists and opticians, in each province?

Mr. McCann:

1. No information available.

2. No information available.

3. The records of the taxation division are not maintained in such a manner as to show the average tax paid by lawyers, medical doctors, dentists and opticians in each province.

Questions

ANIMAL CONTAGIOUS DISEASES—WAAS HERD

Mr. Charlton:

1. Was the herd of cattle belonging to Leonard Waas, McLean, Saskatchewan, ever at any time since last December, challenged with the virus of foot-and-mouth disease to prove or disprove the existence of that particular disease within the herd?

2. What was the exact nature of the inoculations made on these cattle on March 9, 1952, and what were the results which led to their ultimate slaughter and burial on March 14, 1952··

Mr. McCubbin: 1 and 2. The Waas herd was ordered slaughtered along with several others which had shown similar symptoms, but before the slaughter order of this herd was carried out, blood samples were taken and the animals inoculated with live foot-and-mouth virus for experimental purposes. Tests have not been completed.

DRUGS AND MEDICINES—DUTIES AND TAXES

Mr. Knowles:

1. What drugs and medicines are subject to import duty?

2. What is the rate of duty on these drugs and medicines?

3. What other taxes are drugs and medicines subject to, and what are the rates of such other taxes?

Mr. McCann:

1. Tariff items and rates of duty covering drugs and medicines subject to import duty are quoted below.

2. Answered by No. 1.

3. Sales tax of 10 per cent on drugs and medicines except ACTH; cortisone; insulin; liver extract for use exclusively in the treatment of anaemia.

Tariff Item	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
159a. Spirits and strong waters of any kind, mixed with any ingredient or ingredients, as being or known or designated as anodynes, elixirs, tinctures or medicines, n.o.p. ....per gallon..	$3.00	$2.00	$3.00
and	per cent 30	per cent 20	per cent 30
162(c). Medicinal or medicated wines, n.o.p., including ginger wine, containing not more than forty per cent of proof spirit....	80	80	80
And in addition thereto, under all tariffs, 42½ cents per gallon			
207. Bicarbonate of soda	free	12½	25
207a. Butyl alcohol, n.o.p.	free	20	25
208l. Bichloride of tin and tin crystals	free	10	10
208m. Sulphate of copper (blue vitriol)	free	10	10
208n. Sulphate of iron (copperas)	free	10	10
208o. Cream of tartar in crystals and tartaric acid crystals ..	free	10	10
208r. Oxide of tin or of copper	free	15	15
208s. Sulphate of zinc and chloride of zinc	free	20	20
208t. All chemicals and drugs, n.o.p., of a kind not produced in Canada	free	15	25
209c. Bichromate of potash, crude; red and yellow prussiate of potash	free	15	15
210. Peroxide of soda; silicate of soda, dry or in water solution; bichromate of soda; sulphide of sodium; nitrate of soda; arseniate, binarseniate, chlorate, bisulphite and stannate of soda, prussiate of soda and sulphite of soda.....	free		20
(i) Peroxide of soda; silicate of soda, dry or in water solution: sulphide of sodium; nitrite of soda; arseniate, binarseniate, bisulhpite and stannate of soda; prussiate o fsoda		12½	
(ii) Bichromate, sulphite and chlorate of soda		12½	
210a. Caustic soda:			
1. When in packages of not less than twenty-five pounds weight each per pound	1/5 ct.	3/10 ct.	3/10 ct.
2. When in packages of less than twenty-five pounds weight each	per cent 17½	per cent 25	per cent 25
210d. Sodium, sulphate of, crude, or salt cake, per pound	1/5 ct.	1/5 ct.	3/5 ct.
211a. Chloride of aluminum, or choralum	free	per cent 10	per cent 10
212. Sulphate of alumina or alum cake; and alum in bulk, ground or unground, but not calcined	free	10	15
	cents	cents	cents
213. Acid, acetic and pyroligneous, n.o.p., and vinegar: per gallon of any strength not exceeding the strength of proof	10	12½	15
and in addition thereto, for each degree of strength in excess of the strength of proof	1½	1¾	2

Questions

Tariff Item	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
Provided that the strength of proof shall be held to be equal to six per cent of absolute acid, and shall be determined in the manner prescribed by the governor in council.			
		per cent	per cent
216. Acids, n.o.p., of a kind not produced in Canada	free	15	25
Ex. Formic acid		12½	
216b. Phosphoric acid	free	25	25
216c. Nitric acid, not including glass containers, when in packages weighing not more than 100 pounds	free	20	22½
	cents	cents	cents
217. Sulphuric and muriatic acid, n.o.p., per hundred pound	17½	22½	25
217a. Sulphuric and muriatic acids, not including glass containers, when in packages weighing not more than 100 pounds, per one hundred pounds	free	22½	25
	per cent	per cent	per cent
219. (i) Solutions of peroxides of hydrogen, n.o.p.	12½	22½	25
(ii) Solutions of hydrogen peroxide containing twenty-five per centum or more by weight of hydrogen peroxide	free	22½	25
219d. Sulphuric ether; chloroform, n.o.p.; preparations of vinyl ether for anaesthetic purposes	free	20	25
220. All medicinal and pharmaceutical preparations, compounded of more than one substance, including patent and proprietary preparations, tinctures, pills, powders, troches, lozenges, filled capsules, tablets, syrups, cordials, bitters, anodynes, tonics, plasters, liniments, salves, ointments, pastes, drops, waters, essences and oils, n.o.p.:			
(i) When dry	17½	20	25
Ex. Sulfamethylthiadiazole, tablet form		12½	
(ii) Liquid, when containing not more than two and one-half per centum of proof spirit	17½	20	40
(iii) All others	60	25	60
Provided that any article in this item containing more than forty per cent of proof spirit shall be rated for duty at, per gallon	$3.00	$2.00	$3.00
and	per cent 30	per cent 20	per cent 30
Provided also, that drugs, pill-mass and preparations, not including pills or medicinal plasters, recognized by the British or United States pharmacopoeia, the Canadian Formulary or the French Codex as official, shall not be held to be covered by this item.			
220a. Chemical preparations, compounded of more than one substance, n.o.p.:			
(i) When dry, or liquid containing not more than two and one-half per centum of proof spirit	15	20	25
(ii) All others	30	25	30
Provided that any article in this item containing more than forty per cent of proof spirit shall be rated for duty at, per gal.	$3.00	$2.00	$3.00
and	per cent 30	per cent 20	per cent 30
221. Opium, crude, the outward ball or covering to be free of duty, per pound	$1.00	$1.00	$1.00
222. Opium, powdered, per pound	1.35	1.35	1.35
		per cent	per cent
235. Liquorice fibres, whether or not dried, cleaned, cut to size, ground or sifted	free	10	15
235a. Liquorice paste, not sweetened	free	12½	17½
235b. Liquorice in rolls or sticks, not sweetened	free	15	22½
264. Essential oils, natural, viz: geranium, rose, ylang-ylang, lemon, bergamot, orange, mandarin, citronella, clove and lemon grass	free	free	7½
264a. Essential oils, natural and synthetic, n.o.p.; essential oils, natural and synthetic containing other non-alcoholic material, n.o.p., for use in the manufacture of products or preparations for medicinal, flavouring, toilet, or other purposes, under such regulations as the minister may prescribe	free	7½	7½
264b. Camphor, natural or synthetic whether refined or not	free	5	10
264c. Menthol, natural or synthetic	free	free	10

Tariff Item	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
	per cent	per cent	per cent
265a. Fish oils, n.o.p.	12½	20	22½
Ex. Manhaden oil		17½	
265b. Cod liver oil, crude or refined	free	15	22½
265c. Halibut liver oil, crude or refined	free	20	22½
272. Refined petroleum jellies and oils, for toilet, medicinal, edible, or similar purposes	15	20	25
276e (5) Olive oil, n.o.p.	free	7½	20
711. All goods not enumerated in this schedule as subject to any other rate of duty, and not otherwise declared free of duty, and not being goods the importation whereof is by law prohibited	15	20	25

Provided that duty shall not be deemed to be provided for by this item upon dutiable goods mentioned as "n.o.p." in any preceding tariff item.

Provided further that when the component material of chief value in any non-enumerated article consists of dutiable material enumerated in this schedule as bearing a higher rate of duty than is specified in this tariff item, such non-enumerated article shall be subject to the highest duty which would be chargeable thereon if it were composed wholly of the component material thereof of chief value, such "component material of chief value" being that component material which shall exceed in value any other single component material in its condition as found in the article.

Note: The British preferential tariff rates of duty under tariff items 210a, 213, 217, 220(i) and 220(ii) are entitled to a discount of 10 per cent, under the provisions of the customs tariff, when the computed rate exceeds 15 per cent ad valorem in any one case.

FILM "ROYAL JOURNEY"

Mr. Macnaughton:

1. What was the cost of production and distribution of the national film board release "Royal Journey"?

2. Has there been a profit or loss in connection with this film?

Mr. Winters:

1. Production costs of "Royal Journey" up to and including first print were $88,000. Distribution costs, including versions, prints and other distribution charges, total $101,143 to date. Total over-all costs to date, therefore, are $189,143.

2. "Royal Journey" has not been in distribution sufficiently long to determine if there will be an over-all profit. The commercial distributors estimate about 2,100,000 Canadians have seen the film to date. The net Canadian theatrical revenue to March 31, 1952, was $33,816. Revenue returns have not yet been received from foreign distribution.

PRINCE EDWARD ISLAND NATIONAL PARK

Mr. Kickham:

1. How much money was spent by the Department of Resources and Development in the fiscal year ending March 31, 1951, and in the present fiscal year on the national park in Prince Edward Island, for (a) labour; (b) construction; (c) all other purposes?

2. How many persons were employed by the Department of Resources and Development in the national park in Prince Edward Island during the fiscal year ending March 31, 1951, and during the present fiscal year; (a) permanent; (b) casual?

3. Is it the intention of the Department of Resources and Development to build any new cabins in the national park in Prince Edward Island during 1952?

Mr. Winters:

1.

	Fiscal year ended Mar. 31, 1951	Portion of last fiscal year as of Feb. 29, 1952
(a) Labour ..	$29,192.83	$32,317.39
(b) Construction	86,180.64*	90,260.73*
(c) All other purposes	47,243.47	28,164.09
	$162,616.94	$150,742.21

2.

	Fiscal year ended Mar. 31, 1951	Portion of last fiscal year as of Feb. 29, 1952
(a)	3	3
(b)	105	64
Totals	108	67

3. Yes. Parliament will be asked to approve a vote in the main estimates for 1952-53 for five new cabins.

*Includes labour on new construction.

BUTTER, CHEESE, BEEF AND PORK IN STORAGE

Mr. Diefenbaker:

How many pounds of (a) butter; (b) cheese; (c) beef; (d) pork, are in storage as of this date?

Mr. Howe: As of March 1, 1952, the quantities in storage were: (a) Butter, 25,582,000 pounds; (b) cheese, 29,683,000 pounds; (c) beef, 18,765,000 pounds; (d) pork, 60,896,000 pounds.

Note: April 1 figures for butter and cheese will be available April 10. April 1 figures for beef and pork will be available April 15.

LABOURERS AND FARMERS—PERSONAL INCOME

Mr. Boisvert:

What was the total personal income in 1949, 1950 and 1951 of (a) the labour class; (b) farmers?

Mr. Howe: Statistics of the total personal income of (a) the labour class, (b) farmers, are not available.

(a) Wages, salaries, and supplementary labour income represent the chief source of personal income of the labour class. These figures are given below (with the adjustment necessary to eliminate employer and employee contributions to social insurance and government pension funds, which, although forming part of the compensation for services performed, are not actually received by the employee within the year). Other elements of personal income received by the labour class include transfer payments such as family allowances, and investment income such as dividends, interest, and rents, but no information is available with respect to the amounts of these latter forms of personal income received by the labour class.

	1949	1950	1951
	(millions of dollars)		
Wages, salaries and supplementary labour income	7,761	8,271	9,640
Deduct: Employer and employee contributions to social insurance and government pension funds	—239	—259	—316
	7,522	8,012	9,324

(b) The chief source of personal income of farmers is "net income received by farm operators from farm production". These figures are given below. Information is not available with respect to the amounts of transfer payments such as family allowances, or investment income such as dividends, interest, and rents, and salaries and wages from off-seasonal employment, received by farmers.

	1949	1950	1951
	(millions of dollars)		
Net income received by farm operators from farm production	1,600	1,446	2,191

LAC DU CERF, QUE., WHARF

Mr. Courtemanche:

1. Has a wharf been constructed at Lac du Cerf, Labelle county, since February, 1951?
2. If so, was the work done by contract, or by day labour?
3. If by contract, what was the amount thereof, and to whom was the contract awarded?
4. If by day labour, what was the amount spent for such work, and who was the foreman?

Mr. Fournier (Hull):

1. Yes.
2. By day labour.
3. Answered by No. 2.
4. (a) $4,715.67; (b) Auguste Desormeaux.

ORDERS IN COUNCIL—DEFENCE PRODUCTION AND TRADE AND COMMERCE

Mr. Diefenbaker:

1. Have any orders in council been issued at the instance of both the Departments of Defence Production and Trade and Commerce, or either of them, that have not been published, and are not to be published, in the *Canada Gazette*, nor made public?
2. If so, how many?

Mr. St. Laurent: I am tabling an answer with an explanation. If there is any question about it, after Easter the hon. gentleman can either mention the matter again or place another question on the order paper.

The answer is as follows:

1. All orders in council, including those emanating from the Departments of Defence Production and Trade and Commerce, which are required to be published by the Regulations Act or by any other statutory provision, have been and are published in the manner prescribed in the relevant statute, unless exempted from publication under section 9 of the Regulations Act, in which event the exempting order itself is published. In addition, all orders in council, including those not required to be published, are listed in the summary of orders in council which is tabled in the house monthly.

2. Since this question contains no limitation as to time, it could not be answered without conducting a lengthy search dating back to the origins of the Department of Trade and Commerce. As a matter of current

practice and since the Regulations Act came into effect on January 1, 1951, all orders in council made in the exercise of a legislative power conferred by or under an act of parliament or for the contravention of which a penalty of fine or imprisonment is prescribed by or under an act of parliament, are published in part II of the *Canada Gazette* unless specifically exempted from such publication under the Regulations Act. Other orders in council, such as those authorizing contracts, leases, purchases, etc., are not usually published.

HOLLINGER-HANNA LIMITED—REFUND OF CUSTOMS DUTIES

Mr. Diefenbaker:

What is the total amount of customs duties paid by Hollinger-Hanna Limited which have been refunded, or for which refunds have been claimed and as yet have not been paid, since the first of January, 1951?

Mr. McCann: No refund claims for customs duties have been filed by or on behalf of Hollinger-Hanna Limited since January 1, 1951, nor have any claims been paid.

IMMIGRANTS FROM BRITISH WEST INDIES

Mr. Noseworthy:

1. How many persons of British West Indies origin are at present living in Canada?
2. How many persons have entered Canada from the British West Indies during each of the five years 1947-1951, inclusive?
3. How many applicants for entry to Canada from the British West Indies have been refused entry during each of the five years 1947-1951, inclusive?
4. For what reasons were these applicants rejected, and how many were rejected for each of these reasons?
5. How many students were admitted to Canada from the British West Indies for the purpose of studying in Canada during each of the years 1947-1951, inclusive?
6. How many of those students applied for permanent residence in Canada?
7. How many of these student applicants were granted permanent residence in Canada?
8. Are any statistics available to show how immigrants to Canada from the British West Indies compare with immigrants from other warm climate countries in the following respects (a) health records; (b) wages or salaries earned; (c) unemployment records; (d) profession and occupation followed; (e) public liabilities?

Question stands.

QUESTIONS PASSED AS ORDERS FOR RETURNS

ANNUITY CONTRACTS

Mr. Fair:

1. During each of the calendar years 1947, 1948, 1949, 1950 and 1951, how many annuity contracts were purchased from the annuities branch of the Department of Labour?
2. How many of those were (a) single annuity contracts; (b) joint annuity contracts?
3. In those cases where a husband purchased a single annuity contract for his wife or a wife purchased a single annuity contract for her husband, were the amounts involved in each case assessed for gift tax by the Department of National Revenue?
4. In how many cases in each of the above years were such assessments made?
5. Were the amounts assessed in each case collected?
6. If so, for what reason?

Mr. Bradley: Return tabled.

DEGREES IN VETERINARY SCIENCE

Mr. Laing:

1. How many degree granting institutions are there in Canada in veterinary science?
2. Since 1945, how many D.V.Sc. degrees have been been granted in Canada?
3. How many of these (a) have taken employment with federal, provincial or university administrations; (b) are in private practice exclusively with commercial farm animals; (c) are engaged in private practice exclusively or predominantly dealing with pet stock?
4. Does any Canadian institution offer post graduate special studies in specific animal diseases?

Mr. Bradley: Return tabled.

GOVERNMENT VETERINARIANS IN GREATER WINNIPEG AREA

Mr. Viau:

1. How many veterinarians are employed by the federal Department of Agriculture in the greater Winnipeg area?
2. What are (a) their names; (b) date of appointment; (c) grade on appointment; (d) present grade?
3. Are there any vacancies?
4. If so, in what grade?

Mr. McCubbin: Return tabled.

MOTION FOR PAPERS

RED DEER RIVER PROJECT

Mr. Quelch:

For a copy of the final reports by P.F.R.A. officials to the federal government on the Red Deer river project.

Mr. McCubbin: I wonder if this could stand until after Easter, until the minister returns?

Some hon. Members: Agreed.

Mr. Speaker: Stand.

FISHERIES

MARITIME, QUEBEC AND NEWFOUNDLAND SALTED FISH TRADE

On the orders of the day:

Mr. T. G. W. Ashbourne (Grand Falls-White Bay): I would like to direct a question to tne Minister of Fisheries. Is he in a position to report on the outcome of the meetings held in Ottawa with the Newfoundland and maritime salted fish trade?

Hon. R. W. Mayhew (Minister of Fisheries): The hon. gentleman was good enough to let me have notice of his question, and I am pleased to make the following answer:

For the past two days, useful discussions have taken place in Ottawa with representatives of the maritime, Quebec and Newfoundland salted fish trade concerning all matters affecting the salted fish trade of the area.

For the past several years the financing of sales of Newfoundland salted fish to certain European markets has been handled through an arrangement with the United Kingdom, whereby payment could be made in sterling rather than in dollars. This arrangement, which has always been considered as a transitional measure, has now come to an end. Therefore consideration was given these changed circumstances so this trade can continue without interruption. The new situation is simply that from now forward the sale of salted codfish to these markets will be on the same basis as all other Canadian exports to such markets.

Fortunately this situation has arisen at a time when the salted fish marketing picture is sound. There is no carry-over of last year's fish in Canada or other exporting countries. Demand on importing countries is good and prices have been rising throughout the past year. The 1952 world supply gives every indication of being below that of 1951. Canada's codfish is highly regarded in the European markets and consumer demand is strong. There is no reason to expect, therefore, that the changed position respecting payment should affect the volume of shipments to these markets. Indeed, in 1951 a substantial proportion of Canada's sales of salted cod to Italy was paid for in dollars.

In the light of these market conditions, we are confident that the changed position in European markets will not affect prices to be paid to fishermen this year. Production and marketing trends of salt fish will be carefully watched and the trade kept informed.

AMERICAN AIR LINES

REPORTED MOVEMENT OF CANADIAN EMPLOYEES TO BUFFALO FOR LIE DETECTOR TEST

On the orders of the day:

Mrs. Ellen L. Fairclough (Hamilton West): Has the Minister of Justice an answer to the question I asked on Monday of this week in reference to some Toronto employees of American Air Lines?

Hon. Stuart S. Garson (Minister of Justice): I have made the investigation I mentioned then. Of course the Royal Canadian Mounted Police had no official notice of this matter, but on my instructions they made inquiries through their Toronto office, and the following are the facts they have gathered and reported to me.

American Air Lines found a shortage in a cash drawer to which only their office employees had access. The Toronto police were called in, but neither they nor the company's own detective were able to identify the person responsible for the shortage. The manager of American Air Lines in Toronto then called in the employees and asked them to submit to a lie detector test. All eight office employees went to Buffalo for that purpose and were subjected to this test, which did not reveal any employee as being responsible. The manager of the company then wrote a letter of apology to each of the employees involved. It was only after this letter of apology was written that any publicity was given to this matter.

I suggest, Mr. Speaker, that this is a problem affecting the administration of justice in the province of Ontario; and to the extent that it may involve possible claims by the employees against the employer company it is also a matter within provincial jurisdiction. Section 92 of the British North America Act reads in part as follows:

> In each province the legislature may exclusively make laws in relation to matters coming within the classes of subjects next hereinafter enumerated; that is to say:
>
> 13. Property and civil rights in the province.
>
> 14. The administration of justice in the province, including the constitution, maintenance and organization of provincial courts, both of civil and criminal jurisdiction, and including procedure in civil matters in those courts.

It would seem that matters arising out of the relationship between an air line doing business in Toronto and its employees would fall under either or perhaps both of these heads. So the matters the hon. member for Hamilton West has raised would appear to come within these two classes of provincial jurisdiction and therefore are not within the matters assigned to this parliament. I think her question might more properly be asked in the legislature of the province of Ontario.

Mr. Drew: Mr. Speaker, I must ask that I be permitted to point out what is really the effect of the statement made by the Minister of Justice. What happened in this case—

Mr. Garson: Is my hon. friend asking me a question?

Mr. Drew: Mr. Speaker, I submit it is time we took the muzzle off this parliament.

Mr. Chevrier: Order. You can't get away with that.

Mr. Drew: Oh, is that so?

Mr. Chevrier: No, you can't.

Mr. Speaker: Order. There is nothing before the house at the present time. The orders of the day have been called but have not been proceeded with. At this time it is permissible to ask questions of the ministry. I understand a question was asked by the hon. member for Hamilton West the other day, and today she asked the Minister of Justice if he had an answer. He has now given the answer.

Mr. Drew: If it is not going to be possible to deal with a statement which disposes of something that could have very serious consequences, then I submit that to a substantial extent we should agree that questions and answers produce no result whatever. The suggestion that one could deal with statements of this kind by subsequent questions, by coming in through the back door as it were, simply disposes of the effectiveness of questions and answers of this kind.

Mr. Abbott: A flagrant breach of the rules.

Mrs. Fairclough: May I proceed now to ask a supplementary question? In his answer, has the minister taken into consideration the fact that these employees were taken across an international boundary line and interrogated in a foreign court?

Mr. Garson: In matters of this kind it is always difficult to get at the real facts. My information, and it may be inaccurate, is to the effect that when this suggestion was made to the employees they went voluntarily to receive this test.

Mrs. Fairclough: No, Mr. Speaker; they were under the impression that this test was to be taken in the city of Toronto. It was not until after they had given their consent that they were aware they were being asked to go out of the country.

Mr. Garson: All I can say is that the hon. member's source of information differs from my source of information.

Mrs. Fairclough: That may well be.

Mr. Drew: Will the Minister of Justice state whether he has considered the fact that the air line concerned can only operate under agreement with the dominion government; that the conduct of that company is of necessity constantly under the supervision of the dominion government, and that the dominion government can therefore at all times exercise some measure of direction over the company's conduct in Canada?

Mr. Garson: My impression is—and on several occasions I have understood the hon. member himself to say—that in carrying on our business in Canada, we invite foreign companies to come into Canada to do business here. Those companies usually do business under our laws and are answerable to our courts as regards their relationship with their employees. Answering the hon. member's question, I had not thought he would regard it as proper that we should use licensing by an entirely different department of government to discipline a company in respect of a matter which one would have thought that the proper provincial authorities and the company would if necessary have determined by the proper courts.

Mr. Drew: Has the minister made inquiries as to whether in any event the lie detector test and this fantastic procedure could at any time have been a method in Canada, no matter what arrangement was made?

Mr. Cruickshank: It has never been made to apply here in any event.

Mr. Garson: I am very glad to answer the hon. member's question. I have made that inquiry and my information is that a lie detector test has no probative value in our courts, and I believe it has no probative value in most United States courts.

HOUSING

CO-OPERATION WITH PROVINCES ON LOW RENTAL ACCOMMODATION

On the orders of the day:

Mr. George H. Hees (Broadview): I should like to direct a question to the Minister of Resources and Development. In view of the statement in the Ontario legislature yesterday, is the government considering co-operation with the provinces to make possible low rental housing in centres of less than 5,000 population?

Hon. Robert H. Winters (Minister of Resources and Development): The hon. member was kind enough to send to my office the clipping to which he has referred. I have no knowledge of the statement beyond what was in the clipping. I presume the particular point the minister of planning and development in Toronto was discussing —in fact, as I recall it, the clipping so stated—was operations under section 35 of the National Housing Act, and, as hon. members know, that is the public housing section. This section is designed to meet a need normally arising out of metropolitan conditions wherein it is considered that all the taxpayers should be asked to provide housing for those citizens who are not otherwise able to obtain it. In such cases it is the responsibility of all the levels of government concerned to determine whether such conditions exist in any municipality.

PUBLIC SERVICE

SUGGESTED HOLIDAY ON SATURDAY FOLLOWING GOOD FRIDAY

On the orders of the day:

Mr. A. Earl Catherwood (Haldimand): On Tuesday, April 1, the hon. member for Ottawa East (Mr. Richard) asked the Secretary of State if a holiday would be granted to civil servants on the Saturday following Good Friday. I understand that yesterday the cabinet discussed this matter. Will the minister state what action has been taken?

Hon. F. G. Bradley (Secretary of State): Consideration has been given to the suggestion of the hon. member for Ottawa East, but in the circumstances it has not been found feasible to accede to his request.

JAPANESE PEACE TREATY

APPROVAL OF TREATY SIGNED AT SAN FRANCISCO SEPTEMBER 8, 1951

The house resumed, from Tuesday, April 8, consideration of the motion of Mr. Pearson:

That it is expedient that the houses of parliament approve the treaty of peace with Japan, declarations (2) of Japan and protocol, all as signed at San Francisco on the eighth day of September 1951, and that this house do approve the same.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, we have before us this afternoon what is indeed a very important resolution. I regret that, because of the arrangements for debate in this house during the first part of this session, it has not been found possible to debate this resolution before.

I want to join immediately with the Secretary of State for External Affairs (Mr. Pearson) and the hon. member for Peel (Mr. Graydon) in expressing the hope that the treaty now under consideration will do all that they, and all the rest of us, desire.

The treaty before the house is, I suppose, one of the most magnanimous in history. So far as I am able to discover, what we usually call punitive clauses are almost entirely absent, and presumably the treaty is intended to lay the foundation for the building of a democratic and peaceful nation. Indeed, I think that is what the Department of External Affairs had in mind when, on page 23 of their report for 1951, they said this:

The treaty was generous, restoring sovereignty to Japan and placing no restrictions on its economy or on its ability to defend itself. Reconciliation, and not revenge, was the main goal. The signatory powers agreed that Japan should, in principle, pay reparations for the devastation and suffering it caused during the war.

Then, it added this:

However, they recognized that Japan lacked the physical capacity to recompense its wartime victims if it was to achieve a viable economy.

We join in the hope that the generous treatment thus accorded to Japan under this treaty will produce the desired results. Canadians generally, I am certain, will support the principle of treaties of this kind—treaties of reconciliation rather than revenge.

When we look back over the post-war years we remember that certain military and political leaders were tried and executed for what one must describe as the terrible atrocities and indescribable conditions which were made known to us both during the war and upon the return to their respective countries of those who suffered at the hands of the military arm of imperial Japan. And I want to make that distinction, because I do not think that the atrocities and cruelties that were inflicted on our nationals, and those engaged with us in the war, represented the will of the Japanese people.

I do not propose to recount the horrors reported from Hong Kong, Singapore and other parts of the Orient which the Japanese invaded. Suffice it to say that these were a repetition of the barbarities which the late prime minister, Mr. Mackenzie King, described to this house on March 10, 1942, which had aroused the horror of the civilized world at the time of the Nanking massacre in 1937, but of which the rest of the world took little heed when they occurred, and were perpetrated on the Chinese.

We accept the treaty, and we support, with some reservations, Canada's approval of it. We remember, too, that the armament of Japan was assisted by powerful commercial interests in North America including our own country. We of the C.C.F. protested against the export of vital war materials to that country in the years prior to the attack upon Pearl Harbor.

I do not propose to place upon the record the numerous references that can be found in *Hansard* between 1930 and 1941 to that effect, to confirm the attitude I say we consistently adopted throughout those fatal years. Suffice it to say that we protested vigorously against the strengthening of the Japanese army and armaments industry by large and continuous exports of basic materials such as copper, nickel, scrap iron and the like, all of which left our shores almost until the time of the Japanese attack on Pearl Harbor, and our declaration of war.

I remember that a clever versifier who writes under various names in British journals said this, shortly after the attack upon the Dutch East Indies:

We sent too little and too late
To save ourselves, to save the Dutch,
Because, unconscious of our fate,
We'd sold the enemy too much.

I think that little verse describes exactly what happened prior to the attack on Pearl Harbor. It is true that Canada was the first of the allied nations to declare war on Japan. The Canadian cabinet, as I remember it,—and I remember it well—after consultation by telephone with the then leader of the official opposition, the late Hon. R. B. Hanson, with the then leader of the Social Credit group, the hon. member for Lethbridge (Mr. Blackmore) and with myself, issued a proclamation on the evening of Sunday, December 7, the very day Pearl Harbor was attacked. Canada thus proclaimed that a state of war existed some hours before the United States or any other country was able to make a similar declaration.

Nor must we forget today, or fail indeed to pay tribute to, the ill-equipped Canadian troops at Hong Kong who suffered such serious casualties by the unprovoked attack, and the several thousands of them who languished, suffered and died in Japanese prison camps. We should remember these things—not for the sake of demanding revenge, but to remind us that any steps we take now should make it certain that neither we nor the rest of the world shall again be subjected to sudden and unprovoked attacks from that quarter.

So, in approving the generous treaty now before us, we are, as it were, forgetting and forgiving the sufferings which a militarized Japan inflicted upon a large section of the world. And I hope that no nation will endeavour to persuade the Japanese people again to militarize themselves. Indeed, the first acts of their own post-war Diet indicated that it was their wish to pursue a peaceful course; and we should help them in that desire.

This, I may say, is in line with our attitude throughout the post-war years, and indeed, if I may say so, stems too out of the feeling we had during the war that Canadian citizens of Japanese origin were subjected to hardships in our own country—but, of course, nothing comparable with what happened to our nationals who happened to be in Japan and the countries controlled by Japan during wartime.

Well, we are happy to note that there are indications that the Japanese people appreciate the fact that there are no humiliating and punitive provisions such as were to be found in the Versailles treaty signed with Germany in 1919. This of course is owing to the desire of the people in the democratic countries to promote good will among their former enemies, and also to the realities of the world situation. Japan is too vital a country strategically to be alienated from friendship with the democratic powers.

I have read carefully the testimony of Mr. John Foster Dulles before the committee on foreign relations of the United States senate when he appeared before that body on January 21 of this year. It is obvious that in his opinion the treaty has been made with an eye to the international situation, the struggle for men's minds, and the necessity of strengthening Japan against the possibility of communist aggression from the mainland.

Mr. Dulles implied—and from what I have been able to read of his statements from time to time, this opinion of mine is confirmed—that all encouragement must be given to the overthrow of the present government at Peking in China. In order to confirm my opinion, or at least to bring some authority to it, I think it would be well to place on the record a more extended quotation of what Mr. Dulles said before the senate committee on foreign affairs in the United States. At page 12 of the official report Mr. Dulles is quoted as having said:

> I can say to you with complete assurance that the best informed Japanese are totally convinced, as I think we are, that the alien doctrine of communism cannot permanently conquer the Chinese spirit or liquidate the innate individualism of the Chinese race. The Chinese nation will not permanently suffer the imposition of a tyranny which places it in the service of alien masters.
>
> There will be an end to a tyranny which the Chinese themselves will come more and more to hate. We should assume the impermanence, not the permanence, of the present Moscow oriented rule of China.

And note this:

> We cannot expect that this change in China will take place automatically.
>
> To realize that change will require something besides negative and purely defensive policies in Asia on the part of the free world, notably the United States. It will require a determination to promote freedom and independence in Asia and—

Note these words:

> —action consistent with that determination as opportunities arise.
>
> "The mood of the people of Japan, like the mood of other free peoples who are close neighbours of Asian communism, will, in the long run, largely depend on the attitude and action of the other free nations. If they persevere in positive policies in support of real national independence in Asia, Japan will be a dependable and able coadjutor."

I think this bears no other interpretation than the one that I placed upon it in my speech of March 6 last. This, too, I think, was emphasized by the United States approval of the tentative decision of the Japanese government to recognize the Formosan administration headed by Chiang Kai-shek as the government of China.

Of the Formosan situation and possible settlement Mr. Walter Lippmann says in his feature article in the Montreal *Gazette* today:

"First, that the Cairo declaration must be honoured, and that the Chinese suzerainty over Formosa will have to be recognized in a final peace settlement; and, second, that the Formosan people, who have never been governed from China, should not now be put under Chinese administration, but should be made into an autonomous state, guaranteed by the United Nations though under Chinese suzerainty —demilitarized except for a local Formosan militia, neutralized for military purposes against all the great powers including China, Japan, Russia and the United States; and, third, that Gen. Chiang Kai-shek and his family and retainers should be allowed to depart in safety from Formosa and granted asylum, preferably not in the Far East; and, fourth, that Chiang's troops should be demobilized and that those wishing it should be repatriated to their homes in China.

Proposals of this sort, if they were agreed to, could provide a basis for an armistice and a working arrangement in Korea, and for an approach to a cease-fire and an arrangement in Indo-China."

These are Mr. Lippmann's views with regard to the final settlement of Formosa's future as part of the general Far Eastern settlement after the Korean armistice has been achieved; and it is indeed in line with the policy that we have from time to time suggested here and elsewhere in the last six or seven months.

Of course this treaty with Japan, which is now before us, cannot be excluded from the discussion when the nations make any permanent Far Eastern settlement. I wish to say at once, as I have said before, that we support the policy enunciated from time to time by the Secretary of State for External Affairs on Canada's neutrality in connection with Formosa and the Formosan situation. The treaty now before us is not one which has been enthusiastically accepted by some nations which attached their signatures to it at San Francisco. I do not think we can accept it enthusiastically either.

It will be remembered that the French foreign affairs commission of the French national assembly, on August 10 of last year, passed a resolution, by twenty-one votes to two, deploring the fact that France had had no part in drawing up the outline of the treaty from the beginning. On August 3 last the Netherlands government made serious objections on the ground that no provision was made for reparations and there was no protection of the tuna fisheries off the coast of Dutch New Guinea.

The Australian government, as the hon. member for Peel said last night, when he quoted so extensively from Mr. Menzies' address on the occasion of the treaty coming before the Australian house, accepted it as a reasonable basis on which to bring about a settlement. But Dr. Evatt, who was the Australian minister of external affairs during a good part of the war and in the post-war period, strongly criticized it—and I use his words—as "appeasement of a cruel enemy", and stated that Australians of all parties viewed—and again I quote—the "clearly intended rearmament" of Japan with the deepest anxiety and resentment.

New Zealand made a somewhat similar protest. All parties in the Philippines joined on July 14, 1951, in a unanimous statement describing the treaty as calculated to restore Japan to a dominant position in Asia. Burma refused to sign it, as did India. On August 27, 1951, Prime Minister Nehru sent a message to the United States, in which he gave the reasons why India would not participate in this treaty. He said then:

"Throughout the negotiations that have taken place between the two governments—

That is, the government of India and the government of the United States. I continue:

—on the subject of the treaty, the government of India have laid emphasis upon two fundamental objectives: (1) The treaty terms should concede to Japan a position of honour, equality, and contentment among the community of free nations; (2) They should be so framed as to enable all the countries especially interested in the maintenance of a stable peace in the Far East to subscribe to the treaty sooner or later.

It goes on:

The government of India have, after most careful thought, come to the conclusion that the treaty does not in material respects satisfy either of these two criteria.

3. Condition (1)

(a) It is only natural to expect that Japan should desire restoration in full of her sovereignty over the territory of which the inhabitants have a historical affinity with her own people and which she has not acquired by aggression from any other country. The Ryukyu and Bonin islands fully satisfy this description. Nevertheless the treaty proposes that, until the United States government seek and obtain trusteeship over these islands, they should continue to be subject to the legislative and administrative control of the United States. It is apparent to the government of India that such an arrangement cannot but be a source of dissatisfaction to large sections of the Japanese people, and must carry the seed of future dispute—and possibly conflict—in the Far East.

(b) The government of India recognize that, as a sovereign nation, Japan should have the right to make arrangements for her defence as provided in article 5 of the treaty. If, in exercise of this right Japan should decide to enter in defensive agreements with friendly powers, no one could reasonably object to this. But such right should be exercised by the government of Japan, when Japan has become truly sovereign.

I think the point Nehru is making is that defensive alliance should await full sovereignty. I continue:

The provision in the treaty which suggests that present occupation forces may stay on in Japan as part of such defensive agreements is bound to give rise to the impression that the agreements do not represent a decision taken by Japan in full

enjoyment of her freedom as a sovereign nation. The effect of this, not only on the people of Japan—

In my opinion what follows is equally or even more important.

The effect of this, not only on the people of Japan, but upon large sections of the people of Asia, is bound to be most unfortunate.

4. Condition (2). As already stated, the government of India attach the greatest importance to the treaty providing that the island of Formosa should be returned to China. The time and manner of such return might be the subject of separate negotiations,—

This is of course in line with what our Secretary of State for External Affairs has said. The paragraph goes on:

—but to leave the future of the island undetermined, in spite of past international agreements, in a document which attempts to regulate the relations of Japan with all governments that were engaged in the last war against her, does not appear to the government of India to be either just or expedient.

Again, I say, perhaps expedience may be a consideration which in the eyes of some might be the more impressive.

Mutatis mutandis, the same argument applies to the Kurile islands and to South Sakhalin.

The final paragraph which I shall read goes on to say:

For the foregoing reasons the government of India have decided with regret that they cannot be parties to this treaty. It is their sincere hope that a lasting peace will prevail in the Far East, and to that end they will continue to co-operate with the United States and other governments in such a manner as may be open to them consistently with the principles on which their foreign policy is based. As a first step, it is their intention, as soon as this may be practicable, to put an end to the state of war between them and Japan, and to establish full diplomatic relations with that country.

As I have said on more than one occasion, in dealing with Asian problems we should give considerable weight to the opinions of the government of India. Here we have a treaty which the governments of India and Burma have refused to sign and which that other great Asian nation, China, has not been invited to sign. We can see therefore that the great populations of Asia are not in agreement with this treaty, which is more vital to them than it is to Canada or perhaps even to any of the nations which attached their signatures to the treaty at San Francisco.

Thus the Pacific nations which ordinarily might be considered to be the most concerned in the provisions of the treaty were either critical, like the Philippines or Indonesia or some of the other powers that were interested, or refused altogether to approve it. As I have said, Japan's great neighbour, China, had no part in it. I say that this is a serious matter for the rest of the world.

What Canada's part in the actual making of the treaty was, of course, we do not know. We do know that consultations were held between our minister of external affairs and the Department of External Affairs, and Mr. Dulles and the state department of the United States; but what suggestions, what considerations or what modifications were advanced we do not know. Certainly our interest lies to a very large extent, not only in the political implications of this treaty, which are great, but in certain specific fields which are mainly economic.

Our trade with Japan prior to the war placed us in the position of fourth among the nations trading with that country in 1938, and third in 1951. Perhaps 1938 is not a good year to take as a criterion of our trade with Japan, because in that year our exports were largely of raw materials and potential war supplies, but 1951 is a criterion. In both those years our exports were mainly minerals, lumber and other raw materials. It is certain that if Japan is to improve her standard of living she must have raw materials. To improve her standard of living is in our opinion the best way to combat totalitarianism of any description. It must be remembered that there is more than one form of totalitarianism and Japan may be threatened by more than one form. Consequently she must have access to raw materials and to markets. Indeed her main market must be China and the Asian mainland.

Competition from low living standard areas is a threat, of course, to the higher standards of living of other countries. Japan's main market should be where manufactured articles from Japan are so badly needed, on the Asian mainland.

Indeed the United States as the occupying power has recognized this because she has not forbidden all trade with the Chinese mainland. The Japanese are trading with the Chinese today for raw materials and food in return for certain manufactured goods and materials.

To what extent the occupation forces in Japan have been able to improve living standards since the end of the war is problematical, but I believe they have done something toward this end. It is in this field that I think every effort must be made by the western powers to raise as rapidly as possible the standards of living of the Japanese workers, peasants and people generally. Indeed that is our protection against competition from all low living standard areas.

Canada's principal interest, as I said, is at the moment economic. Canada's principal economic interest in the text of the treaty is

in connection with the conservation of our halibut, salmon and herring fisheries off the Pacific coast. I know that an agreement was made subsequently, but I contend that this treaty should have contained specific clauses binding the Japanese to observe any international conservation treaties that exist or are essential to the well-being of this great industry and this great source of food supply, not only for Canada but for the rest of the world.

Article 9 of the treaty only compels Japan to negotiate with the nations interested in conservation policies in the north Pacific, not to accept a treaty. I repeat that we believe the treaty should have committed her to the conclusion of a comprehensive treaty or treaties in this regard and on a long-term basis. I think our government can be criticized for its failure to secure a more specific understanding on this important matter before we attached our signature to the treaty. The temporary five-year agreement signed in December will be reviewed by our standing committee on marine and fisheries and then we shall have a better understanding of it. I hope it is a better agreement than I believe it to be at the moment.

What we are doing in approving this treaty, I take it, is to make a gesture of unprecedented good will and to help build a democratic Japan which will co-operate with the rest of the democratic world in promoting peace and good will among men in the Far East, in North America, in Europe, in Africa or wherever men may live. That is our hope in giving approval to this treaty, and only time will tell whether we are justified or not in placing so much faith in this country so soon after a long and aggressive war which brought so much suffering and inflicted so much cruelty upon the rest of the world, a war carried on under the leadership of the former militaristic government of imperial Japan.

I should like to read another comment by Walter Lippmann in an article from which I have already quoted appearing in today's Montreal *Gazette*. While at the moment it applies to Korea I think it has equal application to the treaty with Japan that we are now discussing. Indeed if we substituted Japan for Korea I think it has a bearing which we should take into consideration. Of course he is dealing with the present situation in Korea, but it applies equally to the Japanese treaty we are discussing now.

He says:

> A Korean treaty, which was not underwritten by the real government of China and the real government of Japan, is manifestly not going to be more than a very provisional arrangement. Fictitious governments can make only fictitious treaties. No matter how superior they may be morally to the actual governments, the treaties they could sign about the Far East would be like the cheques drawn by a high-born gentleman who has overdrawn his account.

To what extent the present government of Japan is, in the sense in which he uses the word, a fictitious government I am not in a position to say, but it is a government that has been elected while the country has been under the control of an army of occupation. It may not of course be a fictitious government, but the point he makes is well taken. Let us hope that the cheque we are endorsing this afternoon will not one day prove to have been drawn on an already overdrawn account.

Mr. Fraser: A rubber one.

Mr. Coldwell: While we have, as I have said, important reservations about this treaty, we accept it. We accept it as a gesture of reconciliation and an expression of our desire for a peaceful settlement not only of the war with Japan but of Far Eastern problems. That under the circumstances is indeed all that we can do, though we are far from satisfied with the treaty and far from satisfied, in view of the absence of India, Burma and China from the signatories of the treaty, that it will endure. However, with such reservations we accept it.

Mr. Solon E. Low (Peace River): Mr. Speaker, at first glance the Japanese peace treaty, which is before us for consideration today, appears to be a soft treaty. Perhaps that is why so many people have spoken of it as a soft treaty, meaning, I take it, that they think it does not impose upon the vanquished nation the same kind of retributive conditions which we are accustomed to seeing victor nations impose in the form of so-called peace treaties. I have learned that there is much resentment amongst the Japanese people over this soft treaty talk. They do not think it is an easy treaty in any respect, and unless the rank and file of the Japanese people can feel easy in their minds about it and can be brought to accept it without too many reservations then the treaty itself is bound to fail.

In my opinion there are features of the treaty which indicate that we have learned a few things as a result of the mistakes that victor nations have made in the past. The treaty in some respects does mark progress toward real enlightenment since the days of the treaty of Versailles which ended the first world war. The severely retributive nature of the treaty of Versailles prepared the soil and sowed the seeds of world war II. But I cannot agree with those who claim that the Japanese peace treaty is soft and that it does not contain the seeds of future war. I am

convinced that it does contain seeds of discontent which may lead to war in the future. In my judgment in one respect at least the treaty is retributive; and, since it is retributive, no matter to how small an extent, then I claim it does not lay down a solid foundation for peace nor a reasonable basis for firm faith and good will between the Japanese people and the western Christian nations.

Today the Japanese people are openly and volubly complaining about the territorial losses imposed by the treaty. I have to ask myself whether these complaints are justified or whether they are merely the protest of a people who are expected to put on a show but who know that they have not much, if any, real reason to kick. I suggest that the answer must be sought in the facts about Japan's productive capacity, her food problems, her population and her history. I should like to refer briefly to the section of the treaty purporting to adjust territories, chapter II. The first subsection of article 2 reads as follows:

Japan, recognizing the independence of Korea, renounces all right, title and claim to Korea, including the islands of Quelpart, Port Hamilton and Dagelet.

With respect to Korea, Mr. Speaker, note that according to the treaty Japan recognizes the independence of a Korea the southern part of which Japan has held more or less tightly or loosely since the Empress Jingū put it under Japanese rule late in the fourth century. That is a long time. Japan has never abrogated the rights she obtained by conquest in Korea. Yet we come along and shear away territories she has held and rights she felt she was justified in holding and in claiming that have their roots away back in the fourth century. Subsection (b) of article 2 reads:

Japan renounces all right, title and claim to Formosa and the Pescadores.

I would point out that according to Japanese history Formosa has been held by Japan since it was ceded to her by the treaty of Shimonoseki, I think it was called, in 1895 at the conclusion of the war with China. That goes a long way back. Suppose we began to shear away territories from Great Britain that she obtained through treaty no longer ago than 1895.

Mr. Blackmore: Or the United States.

Mr. Low: Yes. I wonder what the situation would be. Subsection (c) of article 2 reads:

Japan renounces all right, title and claim to the Kurile islands—

[Mr. Low.]

Let me interpolate that Japan exchanged Sakhalin for the Kurile islands in 1875.

—and to that portion of Sakhalin and the islands adjacent to it over which Japan acquired sovereignty as a consequence of the treaty of Portsmouth of September 5, 1905.

That goes back a long way, to the end of the Russo-Japanese war.

So it goes on. I will not weary the house by reading the remaining portion of article 2, but I do point out that we are doing a serious thing when we shear away territories to which Japan obtained right and title many years ago, which historically she has never abrogated at any time. Then it seems to me article 3, still dealing with territorial adjustment, gives Russia and the communist leaders every opportunity to say here is a fine example of high-handed United States imperialism. Are we going to play into the hands of Moscow? I feel we should have used better judgment than this. Note the words:

Japan will concur—

How? By having her nose stuck right in it.

—in any proposal of the United States to the United Nations to place under its trusteeship system, with the United States as the sole administering authority, Nansei Shoto south of 29 degrees north latitude (including the Ryukyu islands and the Daito islands), Nanpo Shoto south of Sofu Gan (including the Bonin islands, Rosario island and the Volcano islands) and Parece Vela and Marcus island. Pending the making of such a proposal and affirmative action thereon, the United States will have the right to exercise all and any powers of administration, legislation and jurisdiction over the territory and inhabitants of these islands, including their territorial waters.

That gives these people in the communist nations behind the iron curtain plenty of scope to make the claim, and document it to some extent, that the United States is indeed imperialistic in its designs. I should have thought we would avoid such a thing in days as dangerous as these. I believe some of these territories have been of tremendous importance to Japan for many years. They are areas in which Japan has been very largely able to build up her population, and when contemplating this treaty I am led to ask myself: Can Japan afford to lose them? Can she possibly feed, clothe and shelter her present population without these territories? Can she do that with any degree of success, as measured by the happiness and well-being of the Japanese people? Let us just take a quick look at the population of Japan and the food problem, in order to reach some sort of judgment on these questions. The estimated population of Japan today is 83 million, exclusive of Korea and Formosa. The average density of population for the whole country is close to 500 per square mile. Think of that. Then when we calculate the

density of that population in relation to the cultivated area, the Japanese density is around 3,000 per square mile, which is twice that of Belgium and four times that of England.

Let us look at these things squarely. Japan has experienced a tremendous increase in population since 1852, when Commodore Perry signed a treaty with the shogun. At that time the population stood at 27 million; but after 1852 improved living conditions, progressive improvement in agriculture, industrial growth, the expansion of their territory and the intelligent colonization of the territories that were acquired stimulated the population increase so that by 1927 there were 61,316,000 people in Japan, again exclusive of Formosa and Korea. So that we can have a basis for comparison. Since 1927 the population is estimated to have increased at the rate of 750,000 per year.

What about emigration? What has it done to relieve the situation? Emigration has been negligible. Not more than 20,000 a year of that 750,000 increase have emigrated from the country.

Mr. Blackmore: Or been permitted to emigrate.

Mr. Low: By nature the Japanese have been a stay-at-home people. They have not been inclined to settle even in Korea and Formosa, their own territories, without having considerable pressure brought to bear upon them. The question is this, and in my judgment it is a very serious question: how to feed the rapidly growing population of Japan. I say that is the beginning and the end of the population problem for Japan; how to feed and clothe them. The country must be considered poor by comparison with most countries of the world. Japan has only a small tillable area with fertile soil, as everyone knows who is familiar with her geography. Most of Japan is rough volcanic rock; and the climatic conditions and soil are such that no edible animals have ever been indigenous to the country. Few acres of grass lands exist on which to pasture cattle or sheep or other meat producing animals. Consequently the Japanese have rarely been able to consume much meat. In 1931 the per capita consumption of meat in Japan was two and one-half pounds. That seems unbelievable, doesn't it, when we realize that in the same year the average American consumed 280 pounds of meat. Stop to think about it and you begin to see the magnitude of the problem faced by 83 million people. It is true the lack of meat is compensated for to some extent by rather extensive fisheries, and of course we recognize that fish is good food.

The main universal article of diet in Japan is rice; but in spite of a fairly large production of this grain Japan has by no means become self-sufficient in its diet. Even while holding Korea, Formosa and the islands and territories now being shorn away by this treaty, the Japanese were greatly worried over the problem of feeding their hungry millions. The ever normal granary in that country, I would think, decade after decade was never more than 25 million bushels of rice. That is a rather slim resource with which to take care of 83 million people.

So I say that even before the war the Japanese were greatly worried about the rapidly growing population in relation to their available food supplies. Even at that time the Japanese people realized only too well that it is difficult to be happy and contented on a beggar's ration. So even before the war of 1939-45 considerable scientific discussion took place in Japan as to the possible need to return to the birth control measures which were practised fairly extensively and in various forms in earlier times. I imagine if one were to travel through Japan today he would find such discussions going on in intellectual circles.

In the light of all I have said about food and territories, and many other things that could be cited—of course I am only touching the surface—what terrible consequences are bound to follow the imposition of the territory reduction clauses of the treaty now before us? Is it to be considered that the Japanese race have not the right to life, liberty and the pursuit of happiness? Or are we to force upon them a peace treaty parts of which must be couched in punitive terms because Japan went to war against the United States in 1941 and lost that war?

Let us make it abundantly clear that in anything I have to say in connection with this treaty this afternoon I want it to be understood that I deplored at that time the growth of Japan's military junta which, in so many respects, resembled the German war lords, the Junkers machine. I did not in any way defend the sudden development of fascism and the fascist state which was Japan in 1941, nor did I excuse Japan's lightning attack on Pearl Harbor nor the bestial atrocities committed during the war. I condemned those things in the strongest possible way then as I condemn them now. In spite of all those reprehensible things I must say that the territorial adjustments in this treaty are

punitive. If Japan had a hard time feeding, clothing and housing her millions of citizens while she held Korea, Formosa, the Kuriles and all those other territories that are being shorn away by this treaty, how can anyone in his right mind expect her to look after the people adequately after such drastic territorial reductions as we are now asked to approve? If that does not contain seeds of discontent and war, then I should like to be set right.

Let us take a look at another feature of the treaty which I feel sometimes escapes notice. For just a minute or two I am going to speak about trade, which takes me over to article 12 in the treaty. In my judgment article 12 definitely puts a limitation upon Japanese trade. In the first subsection, Japan declares its readiness to promptly enter into negotiations for the conclusion with each of the allied powers of treaties or agreements to place their trading, maritime and other commercial relations on a stable and friendly basis. Well, that is good.

Section (b) of article 12 states:

> Pending the conclusion of the relevant treaty or agreement, Japan will, during a period of four years from the first coming into force of the present treaty,
>
> (1) accord to each of the allied powers, its nationals, products and vessels
>
> (i) most-favoured-nation treatment with respect to customs duties, charges, restrictions and other regulations on or in connection with the importation and exportation of goods;

And so on. This only imposes what the United States has been itching to impose upon other nations in the world, the unconditional most-favoured-nation trading clause in treaties. Let me say this. This section of the treaty imposes a serious limitation in Japan's trade. It imposes or seeks to impose upon Japan utopian ideas which, because of the United States refusal to be realistic, are utterly impossible of successful application in a world such as we live in today. That being the case, Mr. Speaker, it contains the seeds of discontent which may at any time—

Mr. Pearson: Will the hon. member permit a question?

Mr. Low: Yes.

Mr. Pearson: Will he read section (c) of article 12 on that point?

Mr. Low: Yes, I noticed the escape clause. But, Mr. Speaker, just let me suggest as a reply, and I do so without strong feeling one way or another, that the minister say whether it is not true that the sole judge as to what constitutes essential security or unreasonableness will be the United States of America, who imposed the most-favoured-nation clause upon Japan in the first place. Now, it is quite correct, and I shall read section (d)—

Mr. Pearson: Section (c).

Mr. Low: Sections (c) and (d). I should like to read section (d) as the answer to any application of this article. It reads:

> In the application of this article, a discriminatory measure shall not be considered to derogate from the grant of national or most-favoured-nation treatment, as the case may be, if such measure is based on an exception customarily provided for in the commercial treaties of the party applying it, or on the need to safeguard that party's external financial position or balance of payments (except in respect to shipping and navigation), or on the need to maintain its essential security interests, and provided such measure is proportionate to the circumstances and not applied in an arbitrary or unreasonable manner.

Now, Mr. Speaker, who is it that judges that? It is one nation. Under those circumstances, the escape clause means nothing. If Japan is going to trade at all she will have to accept what is set out in article 12, section (b) (1), the unconditional most-favoured-nation clause. We hope that Japan in the days ahead will do just exactly as the minister said he hoped she would do last night, that is follow internationally accepted fair trade practices. I hope that that will be true, and I feel quite sure that unless her trading relations are too severely circumscribed Japan will have that will. But imposing upon Japan the unconditional most-favoured-nation clause in trade treaties is not the way to ensure this fair trade practice. This clause will place drastic limitations upon Japan's trade, and Japan is already having plenty of trouble in this field.

For a moment I should like to point out an article in the April 5 issue of "Foreign Trade", put out by the Department of Trade and Commerce. On page 411 we find this information concerning Japan's trade pattern changes:

> Japan's exports for 1951, according to the Ministry of Finance, were valued at $1,365 million, 64·9 per cent above the 1950 total of $828 million. On the other hand, imports were valued at $2,043 million, 111·3 per cent over the previous year's total of $967 million.
>
> The uneven distribution of Japan's imports and exports between the dollar and sterling areas presents a serious problem. In 1950, 47 per cent of Japan's exports went to the dollar area, 29 per cent to the sterling area, and 24 per cent to the open account areas. Japan's imports that year followed much the same pattern: 44 per cent from the dollar area, 31 per cent from the sterling area, and 25 per cent from the open account areas.

Let me emphasize this part of the article on page 411 of "Foreign Trade".

> The pattern changed in 1951, with 24 per cent of Japan's exports going to the dollar area, 42 per cent to the sterling area, and 34 per cent to the open account areas. Against this, 56 per cent of imports came from the dollar area, 25 per cent from the sterling area, and 19 per cent from the open account areas. As a result, Japan's foreign trade with the dollar area showed a large unfavourable balance, while trade with the sterling area

showed a substantial credit balance. The sterling balance accumulated rapidly in the final quarter of the year and the government took action to encourage more imports from the sterling area and, where possible, to switch the purchase of essential materials from the dollar to the sterling countries.

Then, in conclusion the article says this, and it seems to me it is very pertinent:

Japan cannot continue to buy from the dollar area and sell in the sterling area. Efforts must be made to increase exports and to bring prices into line with those in world markets. The country must be able to produce, economically and efficiently, goods of a standard acceptable in world markets.

I ask, Mr. Speaker, how can they do that if they suffer limitations on their trade, and if they are circumscribed by the unconditional most-favoured-nation clause which I think aggravated, if it did not cause, the war between that country and the United States. I do not wish to take up too much time on this occasion, but once again let me say that I believe the treaty, in many of its features, is a good treaty. I believe that in perhaps most of its features it can be said to be a fair treaty, and it is gratifying to me today to see the end of a state of war with Japan.

We approve of the resolution, but we do so with some reluctance and with some reservation. It may be, as the minister said last night, the best possible treaty under all the circumstances. I do not know. But we warn all men that the treaty, generous as it is in some respects, still contains the seeds either of another war or of the destruction of the nations and the peoples who, with reasonable Christian treatment, could be induced to stand solidly with the democracies and the western nations, and to contribute substantially to the welfare of humanity. We denounce, of course, those parts of the treaty which we believe sow the seeds of dissension and possibly of war.

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, I do not rise at this time to make a lengthy speech, but merely to say that I have been keenly interested in what has been said by the hon. member for Peace River (Mr. Low), and the aspect of the matter with which he dealt. I do hope the minister will, as I have no doubt he intends to do, answer in considerable detail what has been said.

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, I had hoped there would be considerably more discussion of this important treaty, and a great many more members in the house to consider it than we see here this afternoon. As the hon. member for Peace River (Mr. Low) has indicated, now is the time when we lay or do not lay the foundation for world war III—when we are considering the treaties of peace, by, through, and as a result of, which we terminate recent wars.

This treaty must be judged in the light of the answer to these questions: To what extent is the treaty likely to sow the seeds of an inevitable future war? To what extent is it likely to give the Japanese encouragement to become the great and friendly Christian nation we hope for—or, if not a Christian nation, at least a religious and God-fearing nation, observing the principles of righteous living?

Before proceeding to what I intend to say, I am tempted to refer briefly to the atrocities committed by the military caste in Japan. I believe in this connection I can use a homely illustration. If you torment a bull until you get him so angry that he is almost utterly mad, do not be surprised by anything he does to you, once he starts.

That must be borne in mind. The great question we need to ask ourselves is this: In what sort of absolutely impossible position were the Japanese people placed, and for how long had that impossible position been developing? What evidence did they have that there was utterly no way out of their difficulty, except by the bloody arbitrament of war, and how fully were they convinced that if they did not destroy their enemy, then ultimately their enemy would utterly destroy them?

Those are the questions which must be asked. If a man is sufficiently convinced that another man wants to destroy him, and is going to destroy him, then the first man will do everything within his power to destroy the second, before that second man acts. It is much the same with nations.

Having said that, I think we must look with a measure of indulgence or, shall I say, charity, on the atrocities committed by the Japanese as well as by the Germans in the great struggle. I am not condoning those things. I am merely seeking to understand, and to make allowances for them.

Turning to the treaty under consideration I would say that as an instrument having for its purpose the termination of hostilities, the present peace treaty might be acceptable; but as an instrument for establishing peace and prosperity and freedom among men, it is gravely deficient, and therefore unacceptable. This does not mean I propose to vote against it. The position I shall take has been expressed admirably by the hon. member for Peace River.

Let me lay down a few general and fundamental principles—and for anyone who happens to be interested I would refer him to my speech of April 2 which, in a way,

was simply the procedure of laying the foundation for the speech I intend to deliver today. This is a practical application of the principles I therein laid down.

Every nation, every people, every community on earth has an inherent right to life, liberty and the pursuit of happiness—pursuit of happiness regardless of race, colour, creed or geographical position. This is the situation, provided, first, that the world's resources are adequate to support such a standard of living and, secondly, that the community under consideration is willing to pull its full share of the load of production, distribution and management of the goods and services required by mankind.

There is some argument among men as to whether the world has the resources. I think from the evidence at my disposal it is beyond all shadow of doubt that the world does have the resources from which people now living on earth can, if they so choose, produce all the goods that all the people of the whole world need, in order to give them life, liberty and the pursuit of happiness.

Anyone who is at all familiar with the Japanese will freely acknowledge that individually and collectively the Japanese willingly and effectually pull their share of the load, and have done so ever since we first knew them. They are energetic, skilful, resourceful, sober, industrious and patient. They are highly intelligent, highly conscientious, highly talented, honourable and highly ambitious. They are earnest, sincere, self-sacrificing and realistic. They are deeply religious and reverent, nobly proud, sensitive and loyal. They are admirably cultured, refined and law-abiding.

I have had the advantage of having taught scores upon scores of Japanese boys and girls in schools. I have the honour of representing thousands of them who live in my constituency, whom I have seen in action, and who have proved the truth of what I say concerning them.

Beyond all shadow of doubt the Japanese have pulled adequately their load, or their share of the load, and are willing to continue to do so if we white people can only somehow or other acquire sense enough to set up an economic system in the world under which they will have a chance to pull their share. And this latter "if" is a major consideration in all our discussions at the present time. Such facts being borne in mind, we must agree that the Japanese have, and should be guaranteed—and I repeat "guaranteed"—their inherent right to life, liberty and the pursuit of happiness. By that I do not mean that we necessarily need to give them goods. I do not even mean that we need to accept their goods in exchange for our goods. I mean that we must set up such an arrangement of circumstances as will give them the full chance to work to earn their way. That will be all they will ever ask. Does this present Japanese peace treaty adequately support them in that right which I have laid down and which I believe all people will freely concede?

To all those who have read through the treaty with impartial care, and who have studied the meaning and implication of certain of its clauses, studied them with understanding and appreciation, against the background of Japanese and United States history over the century just past, to all those, it is patently evident that in the economic field the treaty deprives the Japanese of that economic freedom of action which is indispensable to them, if they are to gain for themselves a fair share of the good things which the world's peoples could and would and should produce.

Furthermore, the treaty makes no apparent provision for the removal of the great basic, inescapable, unsupportable and intolerable cause which impelled the Japanese to enter world war II. That cause, as I will later develop, was the unconditional most-favoured-nation clause, as insisted upon by the United States, and I propose to prove it.

The punitive, the punishing clauses of the treaty, as the hon. member for Peace River (Mr. Low) has so well pointed out, wrest from Japan numbers of possessions which, in her struggle to make a living, were of substantial assistance to Japan. They thereby leave Japan, economically speaking, much more vulnerable than she was before world war II, unless compensatory measures, ample and adequately perpetual, be guaranteed that nation, until such time as Japan might, with realism, be said to have acquired the actual means of earning her living among the nations.

Unfortunately, I had to be out of the house for a minute or two. I was called out and I am not just sure what the hon. member for Peace River put on the record, but I am impressed with article 10 of the treaty. Let me read article 10 to show how far afield the great United States went to wrest from Japan the advantage which she had gained through the years:

> Japan renounces all special rights and interests in China, including all benefits and privileges resulting from the provisions of the final protocol signed at Peking on September 7, 1901,—

Imagine going back there. I continue:

> —and all annexes, notes and documents supplementary thereto, and agrees to the abrogation in respect to Japan of the said protocol, annexes, notes and documents.

It would take a panel of "Philadelphia lawyers" to prove that that was not punitive; it strains in the matter of being punitive. It looks as though it were dictated by a nation which was literally determined to destroy Japanese power and national independence and efficiency outright, regardless of the pretty words—most of which are weasel words—which might be used by the United States in this or any other connection by that nation.

Are such punitive measures warrantable? Some will say: "Well, look what the Japanese did to us. They deserve to be treated that way!" Well, those who know history raise this question: Look at what we did to the Japanese for fifty years! Let us get that out into the open and see what allowances we ought to make for that.

Is this neglect to provide for the removal of the fundamental cause of Japanese participation in world war II justifiable? I will say certainly it is not.

This brings us to the question: What caused the Japanese to strike at the United States at Pearl Harbor? The cause of world war II between Japan and the United States was the United States' insistence, as I indicated a moment ago, upon Japanese acceptance of the unconditional most-favoured-nation clause in trading.

Japan is a "have-not" nation. Long experience had convinced the Japanese that if they were ever to be able to give their people a standard of living consonant with an age of abundance through machines, technological skills such as plastics, and the use of solar power, in a world as richly endowed as this in which we dwell, if she were ever to be able to give her people an equitable share of the good things our world can produce, then she must co-operate with other "have-not" nations by the use of devices resembling imperial preferences which the British empire had employed so successfully through the years, and especially since 1932.

Now, the great question when we undertake to appraise the iniquity, or lack of it, in the Japanese, in attacking at Pearl Harbor, the great question we have to look at is this: Did the Japanese have a perfect right to work with other little nations, other "have-not" nations, by the use of imperial preferences or something resembling them? Did they have the right to do that? Were they committing a crime which deserved to be punished by the outrageous measures which I have indicated, when they insisted they ought to be able to use imperial preferences, preferential treatment, such as the British had used? I doubt whether any member in this house would rise and say that they did not have the right to use preferences such as we had used, and such as we shall use again if we have right good sense, and can ever get ourselves out from under the domination of the United States long enough to do it. That is what Japan insisted on, the right to work with other little fellows like herself through employment of preferences.

Because the United States refused to grant her that right, and insisted, as I will show, then the Japanese decided there was only one thing to do about it. Probably we should be appreciating the fact that they were so long-suffering before they made up their minds to that extent. Japan conceived of making such arrangements as imperial preferential arrangements with her neighbour "have-not" nations, particularly China. The United States was determined that the Japanese people should not use imperial preferences in dealing with China. The Japanese held out with the obstinacy of despair, just as, Mr. Speaker, I will warrant any group of men from this house would do if they were placed under the same set of circumstances. The United States insisted right up to November 26, as I will show, if I have time enough to put on record the quotations at my disposal.

The United States had already seriously hurt the Japanese. How? First, she froze Japanese credits in the United States in 1938. Second, the Anglo-American trade agreement which she forced upon Great Britain in 1938 rigidly applied the unconditional most-favoured-nation clause against Japan. Third, she gave notice to Japan in July 1939 that she would terminate in six months the United States-Japanese commercial treaty of 1911 because the United States felt that that treaty was not affording adequate protection to United States commerce, either in Japan or Japanese-controlled areas in China, and because the most-favoured-nation clause in that treaty—not unconditional in that case—was a bar to the adoption by the United States of retaliatory measures against Japanese commerce—what do you think about denouncing a treaty because of those two reasons? Fourth, she applied moral embargoes against the Japanese in 1938 and 1939. The result of this move on the part of the United States, together with the conditions prevailing generally throughout the world as a result of the depression, rendered the position of Japan practically intolerable.

The United States, because of her economic strength, was in a position to hurt the Japanese even more seriously. The Japanese chose what appeared to them to be the most advantageous time for success, and they struck. They struck while we were occupied

with Germany and Italy so that they had the best chance of succeeding that probably they would have in a hundred years.

What evidence can be brought forward in support of my position? There are three main classes of evidence. First are the documents bearing directly upon the United States-Japanese war which provide unanswerable evidence that the United States demands as regards the unconditional most-favoured-nation clause caused the war. Second, incidents from recent history illustrate the results of United States policy as a result of the unconditional most-favoured-nation clause from, we will say, 1922, when she declared it, and began to put it into operation, right down to the present time. All of which goes to show that the United States was already causing painful difficulty to nations all over the world because she was insisting on the application of that iniquitous unconditional most-favoured-nation clause.

The third set of evidences would be made up of the pronouncements of United States public men during the last twenty years which proved that they were convinced of the efficacy of the unconditional most-favoured-nation clause and were resolved to force it upon other nations. Their declarations concerning the Bretton Woods agreement are a good example. Their declarations concerning the importance of the Geneva trade agreements and the international trade organization, which I referred to the other day, are also evidence. Probably I shall not have time enough to go into these two latter matters in detail, although I have the information under my hand so that I could do so if it were considered fitting, or if we had time.

Now, what caused the Japanese to go to war? I should like to read from a United States source, the conclusions of the U.S. army Pearl Harbor board issued on October 20, 1944, and published on August 29, 1945. I shall read only one conclusion, which is as follows:

C. We turn now to responsibilities:

1. The secretary of state—the Honourable Cordell Hull. The action of the secretary of state in delivering the counter-proposals of Nov. 26, 1941, was used by the Japanese as the signal to begin the war by the attack on Pearl Harbor. To the extent that it hastened such attack it was in conflict with the efforts of the war and navy departments to gain time for preparations for war. However, war with Japan was inevitable and imminent because of irreconcilable disagreements between the Japanese empire and the American government.

No statement, as you see, as to what is the nature of the disagreement! I shall have to turn to other documents to find that. I read now an extract from a "memorandum of a conversation between the secretary of state and the Japanese Ambassador Nomura" on October 2, 1941, in Washington. I quote:

The ambassador said that he felt that the only point on which he anticipated difficulty in the two governments reaching an agreement was in regard to the question of retention of Japanese troops in China. He thought that, with regard to the question of discrimination, the Japanese government would meet us. The secretary emphasized that in his opinion no country would stand to gain more than Japan from the general universal application of the most favoured nation principle. The secretary added that he would like to give the ambassador a report of the Lima conference containing the resolutions adopted in regard to economic matters and he suggested that the Japanese government might be interested in adopting similar policies in the Far East. The ambassador said that Japanese present-day thought with respect to regional economic blocs—

Which of course is the principle of little-boy nations getting together and playing the game according to their own little-boy rules.

—was the result of circumstances, that is to say, of measures taken by other countries such as the empire preferences introduced at Ottawa. The secretary replied that he had been fighting such measures as those taken at Ottawa and he would like to have Japan join with the United States in fighting for liberal economic policies.

How could the cause I have named be more clearly indicated than in that passage? I turn now to an extract from a memorandum of a conversation between the secretary of state and Japanese Ambassador Nomura and Mr. Kurusu at Washington on November 18, 1941, and I quote:

The secretary pointed out also that we are even now engaged in efforts to induce the British empire to reduce its empire preferences. He said that what we desire is to put our people back to work in a way that can never be accomplished through permitting armies to overrun countries. The secretary observed that many Japanese spokesmen had spoken of Japan's desire to have a controlling influence in Eastern Asia, but the only kind of controlling influence which was worth anything was one which could not be achieved or maintained by the sword. He dwelt briefly upon what we have accomplished in South America through our peaceful policies and through renouncing the employment of gunboats and armed forces.

Once more we have a reference to the imperial preferences which the British had been using, measures which would be in violation of the unconditional most-favoured-nation clause!

I quote now from a document handed by the secretary of state to Japanese Ambassador Nomura at Washington, November 26, 1941. I think I shall have to give these excerpts more in detail than I intended because otherwise people may think that I am not quite fair. This reads:

Outline of Proposed Basis for Agreement Between the United States and Japan

Section 1.

Draft Mutual Declaration of Policy.

The government of the United States and the government of Japan both being solicitous for the

peace of the Pacific affirm that their national policies are directed toward lasting and extensive peace throughout the Pacific area, that they have no territorial designs in that area, that they have no intention of threatening other countries or of using military force aggressively against any neighbouring nation, and that, accordingly, in their national policies they will actively support and give practical application to the following fundamental principles upon which their relations with each other and with all other governments are based:

I skip the first two principles and read the third. It is as follows:

The principle of equality, including equality of commercial opportunity and treatment.

These are the same weasel words which the United States uses all the time and which mean the destruction of the imperial preference principles and the application of the unconditional most-favoured-nation clause. I continue:

4. The principle of reliance upon international co-operation and conciliation for the prevention and pacific settlement of controversies and for improvement of international conditions by peaceful methods and processes. The government of Japan and the government of the United States have agreed that towards eliminating chronic political instability, preventing recurrent economic collapse, and providing a basis for peace, they will actively support and practically apply the following principles in their economic relations with each other and with other nations and peoples:

1. The principle of non-discrimination in international commercial relations.

That is just as clear as words can make it.

2. The principle of international economic co-operation and abolition of extreme nationalism as expressed in excessive trade restrictions.

3. The principle of non-discriminatory access by all nations to raw material supplies.

4. The principle of full protection of the interests of consuming countries and populations as regards the operation of international commodity agreements.

5. The principle of establishment of such institutions and arrangements of international finance as may lend aid to the essential enterprises and the continuous development of all countries and may permit payments through processes of trade consonant with the welfare of all countries.

A well informed person reading No. 5 thinks immediately of Bretton Woods, the international monetary fund.

Section 2.

Steps to be taken by the government of the United States and by the government of Japan.

The government of the United States and the government of Japan propose to take steps as follows:

(1) The government of the United States and the government of Japan will endeavour to conclude a multilateral non-aggression pact among the British Empire, China, Japan, The Netherlands, the Soviet Union, Thailand and the United States.

From No. 2 I select the following words in the interests of brevity:

Such agreement would provide also that each of the governments party to the agreement would not seek or accept preferential treatment in its trade or economic relations with Indo-China and would use his influence to obtain for each of the signatories equality of treatment in trade and commerce with French Indo-China.

Once more the most-favoured-nation clause simply screams out. Then I come to No. 6 which reads:

(6) The government of the United States and the government of Japan will enter into negotiations for the conclusion between the United States and Japan of a trade agreement, based upon reciprocal most-favoured-nation treatment and reduction of trade barriers by both countries, including an undertaking by the United States to bind raw silk on the free list.

May I make the comment that the United States has a tariff protection and a system of import restrictions which is so high and so efficient that any other nation on the earth can reduce its trade by a certain amount and the United States can reduce correspondingly and still beat that nation hands down. No. 8 reads as follows:

(8) Both governments will agree upon a plan for the stabilization of the dollar-yen rate, with the allocation of funds adequate for this purpose, half to be supplied by Japan and half by the United States.

That is pretty conclusive, is it not? It does not leave very much room for doubt.

I come now to quotations from a memorandum handed by Japanese Ambassador Nomura to the secretary of state at 2.20 p.m., December 7, 1941. From this rather extended document in which the Japanese realistically and factually, and I believe truthfully, discussed the issues at stake between the United States and Japan I select one or two salient passages. The Japanese are talking. My first quotation reads as follows:

The American government advocates in the name of world peace those principles favourable to it and urges upon the Japanese government acceptance thereof. The peace of the world may be brought about only by discovering a mutually acceptable formula through recognition of the reality of the situation and mutual appreciation of one another's position. An attitude such as ignores realities and imposes one's selfish views upon others will scarcely serve the purpose of facilitating the consummation of negotiations.

How could the case be more beautifully and realistically put? I find my time is passing. I shall have to leave out some of what it would be appropriate to read into *Hansard*. I shall however read two more passages from this document:

Apart from the fact that such a proposal totally ignores the position of France, it is unacceptable to the Japanese government in that such an arrangement cannot but be considered as an extension to French Indo-China of a system similar to the nine power treaty structure which is the chief factor responsible for the present predicament of East Asia.

This is the Japanese speaking. I should like to read one more quotation, the closing words, reading as follows:

Thus, the earnest hope of the Japanese government to adjust Japanese-American relations and to preserve and promote the peace of the Pacific through co-operation with the American government has finally been lost. The Japanese government regrets to have to notify hereby the American government that in view of the attitude of the American government it cannot but consider that it is impossible to reach an agreement through further negotiations.

That is pathetic, is it not? There are the last words that passed between the two nations before they were in a state of war.

I should like now to read a quotation from a memorandum with respect to the conversation between the secretary of state and the Japanese Ambassador Nomura and Mr. Kurusu. It reads as follows:

After the secretary had read two or three pages—

That refers to the document I have just been quoting.

—he asked the ambassador whether this document was presented under instructions of the Japanese government. The ambassador replied that it was. The secretary as soon as he had finished reading the document turned to the Japanese ambassador and said, "I must say that in all my conversations with you (the Japanese ambassador) during the last nine months I have never uttered one word of untruth. This is borne out absolutely by the record. In all my fifty years of public service I have never seen a document that was more crowded with infamous falsehoods and distortions—infamous falsehoods and distortions on a scale so huge that I never imagined until today that any government on this planet was capable of uttering them.

The Japanese all the way through had been realistic and truthful. The Americans simply imagined they themselves were, just as they do today. It must be obvious that the reason why the Japanese struck was, as they said in the closing words of the second last document from which I quoted, that there was just no real use of trying to reason with the United States in a realistic manner at all. Having been brought to that conclusion by decades of experience and by months of negotiations and conferences, what is the degree of culpability which must be attached to the Japanese for the attack on Pearl Harbor? And what is the degree of inescapable culpability which must be attached to the United States? I suppose no person or combination of persons alive can possibly answer that question exactly right. Even if they did, the answer would probably be disagreed with by pretty nearly everybody. Nevertheless I quote all this to show that the trouble is not all on one side, and that the trouble is not going to be all on one side in the days yet to come, if the United States insists on the senseless attitude she is now adopting in respect of the unconditional most-favoured-nation clause in the trade arrangements among nations.

Just before I conclude, in addition to the fine array of evidence the hon. member for Peace River (Mr. Low) marshalled before us this afternoon I would like to recall to hon. members that the Japanese people are living in a territory no larger than the state of California. Tell me, any member on any side of the house: how would you feel about trying to cram 83 million people into California and provide for them? How would you like to govern California with 83 million people in it? If you did have 83 million people crowded into the state of California, under such restrictions that not one of them could leave and go to any other country because the other countries would not accept them, any more than Canada would, so they had to stay there and ultimately die there—

Mr. Sinnott: That is why they attacked Pearl Harbor. They wanted to get out of Japan.

Mr. Blackmore: How would you feel about that? And suppose you were ruling California with 83 million Japanese in it trying to find food, clothing and shelter for them, cut off from all the world; suppose you were able to create industrial plants as a result of which you could produce nearly any manufactured product better and cheaper than almost any other nation in the world, and then found yourself hampered and trammelled on every hand by a monster nation like the United States, with not quite twice the number of people in the most productive and resourceful land on earth. If you found the United States interfering with you at every turn when you undertook to trade with other nations to get the raw materials you needed and sell your products: what would you think?

Would you consider a treaty which fixed you in such a restricted and unjust position a good treaty? Would you consider it a generous treaty? Would you consider it a fair treaty? Would you consider it a treaty in the interests of the future welfare of mankind?

Then if you knew that only one nation, your mortal enemy for decades, had drafted the treaty and imposed it upon you, and that this nation by reason of its predominant position in the world was going to impose it upon the various nations of the British commonwealth so they would pass it like a rubber stamp as we are going to pass this treaty soon without careful examination at all, how would you feel? Then if you saw Russia not very far away, making the promises she has been making of late to India and other countries, and apparently ready to keep those

promises, I ask how long you would be able to resist the temptation to go behind the iron curtain, as Czechoslovakia did.

I am not altogether condemning the treaty, Mr. Speaker. I am merely stating reasons why we should give this treaty the utmost study. I am glad we are going to be at peace with Japan; but I urge with all the sincerity of my being that we give the most careful consideration to the realities which confront Japan and ourselves in looking towards the world of tomorrow.

Mr. Pearson: Mr. Speaker—

Mr. Deputy Speaker: Order. I must inform the house that if the minister speaks now he will close the debate.

Hon. L. B. Pearson (Secretary of State for External Affairs): In a very few minutes I am going to try to deal with some of the points which have been raised in the course of this discussion. I need hardly say, I think, that I do not agree with the interpretation of the events leading up to the Japanese war or the analysis of the politics and history of the United States in regard to this matter which were given by the last speaker. Nor can I agree that this treaty in some of its territorial aspects is an evidence of what was referred to by the hon. member for Peace River (Mr. Low) as high-handed United States imperialism.

Mr. Low: I know the minister wishes to be fair in all these statements. I said that would give the Russian bolshevik leaders some ground upon which to make that claim.

Mr. Pearson: I recall that. I thought the hon. gentleman used those words in describing not the treaty as a whole but one or two of the territorial aspects of it; but I gladly accept his explanation of his use of that phrase. Territories mentioned in this treaty, Mr. Speaker, which were taken from Japan, and which were described by the hon. member, were won by Japan as a result of conquest, at least as far as Formosa and Korea and one or two other islands were concerned. On the same basis by which the Japanese acquired these territories the victors in this war might very well have taken them themselves. Instead of that, the islands mentioned were not taken as territorial acquisitions by the victors but were put under United Nations trusteeship, with the United States as the trustee.

Reference was also made to article 10 of the treaty as an example of rather high-handed injustice against the Japanese. Article 10, which refers to the Peking protocol of 1901 and abrogates that protocol as far as any benefits acquired by Japan are concerned, merely releases the Chinese from an intolerable situation under which they have suffered, if you like to use that word, for fifty years. The Peking protocol gave not only Japan but other countries the right to station their own troops in China, a right arising out of the Boxer rebellion; and I do not think it is any injustice to Japan to have that right abrogated in this treaty as far as Japan is concerned.

Also a good deal has been said by one or two previous speakers about the tyranny of imposing upon the Japanese the unconditional most-favoured-nation clause; and for that purpose article 12 was read. But though I tried to tempt the hon. member for Peace River into reading section (c) of that article, he read only sections (b) and (d). I would like to read the first part of section (c), which I think will throw a rather different light on the matter.

> (c) In respect to any matter, however, Japan shall be obliged to accord to an allied power national treatment, or most-favoured-nation treatment, only to the extent that the allied power concerned accords Japan national treatment or most-favoured-nation treatment, as the case may be, in respect of the same matter.

It is a reciprocal engagement, not a unilateral engagement, which Japan undertakes as a result of that article.

The hon. member for Peel (Mr. Graydon) mentioned one or two matters last evening to which I should refer. Incidentally he indicated that definitive action had not been taken in the other place in regard to this treaty. That is not quite accurate. If he will read the proceedings of the other place for April 2 he will find that the motion of approval was adopted on that date and action was taken in that respect. The treaty itself is to be referred to a committee of the other place for subsequent examination, even though approval has been given.

Then, as I was expecting, the hon. member for Peel mentioned the Pacific pact. He indicated that as a result of this treaty another link has been established in the security of the Pacific, and he hoped that we might use this treaty, in the words of Mr. Acheson which he quoted, as a point of departure for a general Pacific security pact. I have very little to add to what I have already said on that matter. If the hon. member were interested enough to read an article by Mr. John Foster Dulles on a Pacific pact which appeared in the issue of "Foreign Affairs" from which he quoted Mr. Menzies last evening, he would get a very good argument from Mr. Dulles himself against the practicability of a Pacific pact

at this time. In that article Mr. Dulles, who is a great advocate of Pacific security, said:

. . . it is not at this time practicable to draw a line which would bring all the free peoples of the Pacific and East Asia into a formal mutual security area.

Then he went on to explain why, and I shall not quote from his explanation except the last part of the paragraph where he says:

Lastly, but perhaps not least, is the fact that the United States should not assume formal commitments which overstrain its present capabilities and give rise to military expectations we could not fulfil, particularly in terms of land forces.

Mr. Dulles repeated that point of view in a radio broadcast on February 10 last when he was asked whether a Pacific security pact like the Atlantic pact was, in his judgment, feasible. He replied:

I don't think it is feasible on any quick timetable to put together the countries of Asia in the same way as the countries of the Atlantic.

That remains the position of the government on this matter, Mr. Speaker. Ultimately it may perhaps be the best, most practicable and most useful way of guaranteeing security in the Pacific but at the present time, like Mr. Dulles, we do not think so.

There has been general approval given in the house to the treaty, although that approval has been qualified by the leader of the C.C.F. and the leader of the Social Credit groups. Of course we must all feel, whether or not we approve of this treaty, that there are possibilities of danger arising out of it. It is a calculated risk we have to take. In this case I believe it is a calculated risk towards peace rather than towards war, because I do not believe this is a punitive treaty which has in it the seeds of future war. Nevertheless, we should not indulge in any excessive optimism as to what may happen now that Japan is going to be free to conduct its own affairs. The Tokyo correspondent of the *Economist* writing in the last edition said something which is very true and which we should keep in mind. He said that the lacquer-thin coating of occupational reform is cracking and peeling off in most places. Japan, then, is beginning to withdraw into itself. I believe this is inevitable once occupation comes to an end.

We hope that this process will not result in the consequences for peace that Japan's policy had in the years before the war. There are of course problems ahead. In the case of Japan, these are both political and economic. There is a problem of Japan's relations with the continent of Asia and the western world. We in the west must do everything we can to make it in Japan's interest as well as to our advantage to choose the western democratic world as her vehicle of international co-operation rather than the Asiatic communist world.

The economic aspect of the treaty, which has been so often emphasized in this discussion and quite rightly so, has within it elements of danger. As was pointed out, Japan is a country of 83 million people and must trade with the rest of the world in order to survive, even to feed herself. It is interesting to note in this connection that food production in Japan has steadily increased in the last few years, and that of course is an encouraging sign. But Japanese material prosperity does not necessarily mean that Japan will not develop the aggressive tendencies which, unfortunately, she developed in the past. The higher standard of living which we must hope the Japanese people will be able to achieve does not necessarily make for peace. In our discussion of international affairs we sometimes overlook the fact that a nation does not have to be underdeveloped to be overaggressive. In the years before world war II Japan had the highest standard of living of any Asiatic people, and whatever may have been the reason they were the most aggressive of Asiatic people.

Although we must do our part to assist Japan to build up her economy, I suggest we must not take it for granted that Japan's prosperity, of itself, means peace in Asia. It depends upon how that prosperity and how that power will be used. It is the purpose of those who drew up this treaty, and it is the hope of those who are in favour of it, that because this is the ending of a chapter Japan will use its new power and developing economic strength not for those purposes which have caused so much harm, so much damage, so much cruelty and so much suffering in the past but for the purpose of international co-operation in a great area of the world, which will lead not only to peace but to prosperity for all of us.

Mr. Graydon: May I ask the minister a question? Has he given consideration to finding some means whereby we can have this treaty referred to the committee on external affairs, if the minister prefers, in a way similar to that which is being followed in the Senate.

Mr. Pearson: I see no objection, Mr. Speaker, when the committee on external affairs meets—I hope to be present at its next meeting—and when we discuss items in our estimates perhaps referring to diplomatic representation in Japan, why we should not discuss this treaty to our heart's content.

Motion agreed to.

NORTH PACIFIC FISHERIES

REFERENCE OF SUBJECT MATTER TO STANDING COMMITTEE ON MARINE AND FISHERIES

Hon. R. W. Mayhew (Minister of Fisheries): I should like to have unanimous consent of the house to move the following:

That the subject matter of the Japanese fishing treaty, negotiated in Tokyo last December between the United States, Japan and Canada, be referred to the standing committee on marine and fisheries.

Motion agreed to.

REDISTRIBUTION

READJUSTMENT OF REPRESENTATION IN THE HOUSE OF COMMONS

Right Hon. L. S. St. Laurent (Prime Minister) moved:

That a select committee be appointed to consider the results of the census of 1951 and the readjustment of the representation in the House of Commons necessitated thereby, with power to consider whether the said readjustment should be made in strict accord with the rules presently set out in the British North America Acts 1867 to 1951 and the other statutes in that behalf, or whether it is desirable

(a) to provide that the representation of any province in the House of Commons on the readjustment of the representation of the provinces therein on the completion of each decennial census including that for the year 1951 shall not be reduced by more than 15 per cent below the representation to which such province was entitled under rules 1 to 4, inclusive, in subsection (1) of section 51 of the British North America Act at the last preceding readjustment of the representation of the province; and that there shall be no reduction in the representation of any province as a result of which that province would have a smaller number of members than that of any other province which, according to the results of the then last decennial census, did not have a larger population; and

(b) that there shall be assigned separately two members instead of one to the Yukon and Northwest Territories or any part thereof, and that the total number of members as provided by the aforesaid section 51 of the British North America Act and the terms of union between Canada and Newfoundland from time to time be increased or decreased accordingly; with instructions to prepare a bill or bills with schedules to give effect to its findings and conclusions and to contain and describe the several electoral divisions entitled to return members to this House of Commons; with power to send for persons, papers and records and to examine witnesses, and to report from time to time; and that notwithstanding standing order 65, the committee shall consist of thirty-seven members to be designated by the house at a later date.

He said: In the few minutes that are left before six o'clock, Mr. Speaker, I do not expect to be able to make all the statement that I intended to submit to the house on this motion. Perhaps I can just outline the situation and complete it then at the earliest opportunity after Easter. I understand that the Monday of the first week we return here is private members' day, and that on Tuesday the financial critics of the official opposition and of the other groups wish to deal with the budget. I would hope that, if we cannot dispose of that motion to go into committee of ways and means on Tuesday, after the position of the various critics has been stated to the house and to the country, the debate may be adjourned so that we may revert to this motion to set up a committee to deal with this problem of redistribution. I am not asking the house to make any decision, but I am just throwing that out as a suggestion, because I think it would be desirable to have this committee set up at the earliest possible moment.

Mr. Drew: Without interrupting the Prime Minister, I do feel it is the wish of the house that the committee be set up as soon as possible. I think that consideration might be given even to the possibility of this debate's proceeding on Monday, if that is agreeable to the house. However, I will leave that as a suggestion for consideration.

Mr. St. Laurent: If that were the wish of the house, then on Monday I would be happy to comply with that wish and to try to have the committee set up at that time.

This motion is being submitted to the house in furtherance of the statement I made on March 10 about redistribution. I stated at that time that it was at least my view that this matter of redistribution, the matter of the readjustment of representation in the House of Commons, was not a responsibility of the executive branch of our constitutional set-up, but that it was a responsibility placed by the constitution on parliament, generally. I pointed out that it had always been the custom for the leader of the majority group in the house to provide an opportunity for members to discharge that responsibility, by submitting a bill for consideration by the house and which was drawn in accordance with the rules then applicable to the matter of readjustment and which, after it had received second reading, was referred to a committee composed of members of all the groups in the house, to determine the schedules that would describe the territorial divisions entitled to return members to parliament.

I therefore had a bill prepared in that form, and it received first reading on March 10. That bill was prepared in accordance with the rules set out in the British North America Acts, 1867 to 1951. Those rules now fix the membership of the house at 262, of which 255 were provided by British North America Act of 1946, and seven additional members being provided by the British North America Act, number one, which confirmed the terms of union with Newfoundland, and provided that that province would be entitled to seven members in the House of Commons, and

would be thereafter subject to the general provisions of the rules in the British North America Act.

Because of the results of the last census, there would be a reduction in the present membership from the province of Saskatchewan to the extent of five, in the representation from the province of Manitoba by two, and in the representation from the province of Nova Scotia by one. On the other hand, the province of Quebec would be entitled to two members more than at present, the province of Ontario to two more than at present, and the province of British Columbia to four more than at present, and all other provinces would remain with the same numbers.

This is because, from the very outset, the principle has been that representation from the various provinces was based upon the population as ascertained in the decennial censuses. That rule was set out in express terms in the Quebec resolutions, numbers 17 and 19—and I shall not take the time to read them now. But they provided in express terms that readjustment would be based upon the population of the respective provinces.

The same was set out in express terms in the London resolutions, numbers 18 and 20, and also in the original section 51 of the British North America Act. Hon. members will recall that the original rule was that Quebec would have a representation of 65 members, and that to determine the representation of the other provinces the population of Quebec would be divided by 65. The quotient thus obtained would serve as a divisor, and would entitle the other provinces respectively to as many members as the quotient went into the number of their population.

That quotient in 1871 was 18,331; in 1881 it was 20,908; in 1891 it was 22,900; in 1901, it was 23,367; in 1911 it was 30,858; in 1921 it was 36,317; in 1931 it was 44,225; in 1941 it was 51,259; and, according to the last census, it would have been 62,395.

The application of the rule with respect to proportionate representation was qualified in the original British North America Act by the one-twentieth rule. In the resolution it had been provided that, by the readjustment, representation of a province would not be reduced unless the proportion of its population, as compared with that of the total population, had diminished by five per cent. "Five per cent" were the words used in the resolutions—the Quebec resolution and the London resolution—but in the statute, instead of using the percentage, it was stated that the representation would not be diminished unless the proportion of the population had diminished by more than one-twentieth.

That was intended, I am confident, to carry out the view of the fathers of confederation that representation should be roughly in proportion to the population. It will be recalled that "Rep by Pop" was one of the motivating reasons for wanting some different constitution from that which resulted from the Act of Union between Lower Canada and Upper Canada.

The one-twentieth qualification, as expressed in the British North America Act, though perhaps it had not been intended to operate in that way, was not cumulative. Unless the reduction in the proportion of population of a province was more than one-twentieth or more than five per cent between two censuses, there was no reduction in the representation of a province.

The result was that the rule did not protect the smaller provinces, but it did bring about for Ontario this curious situation, that from 1911 onward there were progressively at each census diminutions in the proportion of population in Ontario as compared with the total population, but at no one census did it reach five per cent, or one-twentieth. On the other hand, by 1911 the proportion of the population of the maritime provinces had commenced to decrease between censuses by more than five per cent. In 1911 the population of Prince Edward Island, which was 93,728, was only three times the quotient arrived at by dividing the population of Quebec by 65, and Prince Edward Island would appear to me, from my calculation, to have then been entitled to only three members, or a reduction of three from the number it had at the time of confederation. There were serious controversies and debate over that reduction and the contention that Prince Edward Island had come into confederation with six, and that their representation should never go below six, and that if readjustment applied to them, it would apply only when they had gone beyond six, but could not apply to reduce them below six. They were so confident in that point of view that they carried their contentions to the foot of the throne. The privy council having decided against them and made the decision from which it was afterwards understood that the five per cent diminution had to apply between one census and another, and that otherwise there should be no reduction, the contention was made in parliament that some floor should be

provided to prevent Prince Edward Island from getting too small a representation in the Commons.

In 1914 an address was submitted to the houses of parliament to increase the number of senators for the western provinces, and at the same time to provide that no province would at any time have a smaller representation in the House of Commons than it had in the Senate. That was to apply immediately. I do not know what the reasons were—I have not read all the debates—but the Senate at that time refused to agree to the resolution in that form unless it were provided that it would not take effect until after the dissolution of parliament, and the resolution was not adopted in 1914. But the next year—the matter, I have no doubt, had been considered perhaps more calmly during the recess and all parties were agreed—an address was moved requesting that there be passed a provision which became section 51A of the British North America Act, and which provides that no province may at any time have its representation reduced below the number of senators it is entitled to have appointed from its territories. That was the situation at this time. By 1941 the representation from Ontario had remained at 82 by virtue of the one-twentieth rule. To apply proportionately the representation based on 82 for Ontario and its population would have given Saskatchewan 19 instead of 16, Manitoba 16 instead of 14, British Columbia 18 instead of 16, Alberta 17 instead of 16, Nova Scotia 12 instead of 11. Hon. members will recall that an address was presented to His Majesty in 1946 asking the parliament at Westminster to amend section 51 to provide that there would be a total membership of 255, one number being allotted to the Yukon and Northwest Territories, and the others distributed in the proportion of the population of each province, but to respect the rule of section 51A, and that if the rule of 51A operated for any province the population of that province would be deducted from the total population in making up the quotient which would determine what representation every province would have.

That restored the principle of representation in proportion to population but without any qualification other than section 51A. If the old rule which applied before 1946 were applied to the census of 1951 the result would be that Ontario would still retain 82 instead of the 83 that it got under the rule of 1946; Quebec would remain at 65; Saskatchewan would lose 7 of its 20 members; Manitoba would lose 4 of its 16; Nova Scotia would lose 3 of its 13; Alberta would lose 2 of its 17; and Newfoundland would lose 1 of its 7. It is therefore quite apparent that the new rule is not as harsh as the application of the old rule would be; nevertheless, applying the new rule of 1946 has appeared to some to be harsh, though Bill No. 8, which I introduced, was made up in accordance with the new rule just as it is.

Now, it was suggested that there had been from confederation and right through to 1946, some qualification to prevent too rapid a reduction in the numbers of members representing any province. I had thought that on the motion to set up a committee, after the second reading of the bill, any member who felt that the rule should not be strictly adhered to, but that something else should be done, might move an amendment to consider some other solution, because since 1949 parliament has jurisdiction to do something else if it is the will of parliament to do so. But it was pointed out to me that once Bill No. 8 got second reading it would probably be contrary to the precedents and standing orders to accept any such amendment.

I did not want to do anything else but put before the house the problem in such a manner that the views of hon. members could be expressed and the decision of the majority obtained. It was in an effort to do that that I drew the notice of motion which was withdrawn yesterday. It had been suggested that there might be a ten per cent limitation on the reduction that could take place in the membership from a province at any one time. Well, at this time that would not have worked for two reasons. It would have left Saskatchewan with a larger representation though it has in this census a smaller population than Alberta. I think it would be an intolerable rule that brought about a situation where a province with a smaller population was entitled to a larger representation than a province with a larger population.

There was another objection to ten per cent. It would have given Newfoundland a permanent floor of seven. Under section 51A as it stands, Newfoundland can, if circumstances of the growth of population require it, see its membership reduced to 6, and it would then be getting the benefit of the same rule that applies to the other maritime provinces, and it seemed to me it would not be proper to introduce a rule that would give Newfoundland a preferential floor over the other maritime provinces.

Then, fifteen per cent was suggested as the maximum reduction. Well, at the present time fifteen per cent does not bring about that kind of a result. Fifteen per cent would still leave Saskatchewan to be reduced to seventeen, which would not be greater than the

representation of any province having a larger population, and would not affect the floor of Newfoundland. I drew the first notice on that assumption, but it was pointed out that, if parliament decided that would be the rule that would govern future redistributions, it might very well in the future, because of the cumulative effect of applying the fifteen per cent more than once, bring about the result where one province with a smaller population would have a larger representation than another province with a larger population. It was for that reason that the present motion was drawn.

It has been suggested to me that the suggested new rule is not very clear in its terms. It was intended to be as clear as possible in its terms and was intended to provide that if parliament decided that there be a change and decided to make a rule to apply to the future, that rule could not bring about a situation where a province with a smaller population would have a larger representation than another province with a larger population.

When this motion is submitted I am not going to argue for the adoption of the motion. I am going to vote for it because I feel that I could not sponsor something before the house that I could not vote for. I am prepared to vote for the resolution as it is, but I am not arguing that anybody else should. I am only submitting that each one of us has his own responsibility in that regard and should adopt the position which he feels in conscience will discharge his responsibility to the country and to his own constituents.

Possibly parliament will decide that there will be no change whatsoever, that in spite of the fact that it requires a reduction of 25 per cent in the representation of Saskatchewan, that being the rule, it should be applied. On the other hand, parliament may decide that there should be some limitation on the proportion of reduction made in any one redistribution.

I have tried to draft this in such a way that if there are other views that hon. members feel should be applied to this problem they can be substituted for the consideration of the house. The house will decide by its majority, and not I hope a party majority but a majority reached because each individual member will feel that he is free to express his own opinion as to how he should discharge his responsibility to the country and to his own constituents.

I hope that there will be that kind of decision and that the committee set up will be able to carry it out. I have avoided any suggestions as to what procedure should be followed. I think the committee should have the power to send for the law officers of the government and then make its own decision as to how its conclusions can be carried out in a reasonable manner.

I would hope to have some further information to put on the record when the matter is called again, but I would hope that it could be disposed of by the majority of the house, made up of individuals who will each decide what is best to be done under the circumstances. I move the adjournment of the debate.

Motion agreed to and debate adjourned.

BUSINESS OF THE HOUSE

Mr. St. Laurent: If it is the desire of the house to have the debate continued on Monday I would be prepared to move that it be so continued. Of course that would require unanimous consent because Monday is a private members' day. If not, I would suggest that after one day's debate on the budget, that debate might be adjourned so that we could deal with this motion to set up the committee.

Mr. Knowles: May I say a word with regard to the suggestion of continuing this debate on Monday, April 21? If the government does accede to the request of the leader of the opposition that that be done, would the government consider substituting some other day later on in the session rather than taking away another private members' day? I am not asking for a decision now. But when the Prime Minister asks for unanimous consent on Monday, April 21, it would make it easier for hon. members to decide what to do if some alternative suggestion could be made with respect to—

Mr. St. Laurent: It might not be unfair to provide that as soon as it could be arranged without too much inconvenience such time as was taken on Monday for public business be taken on some public business day for private members' business.

Mr. Knowles: Fair enough.

At six o'clock the house adjourned, without question put, until 3 p.m., Monday, April 21.

HOUSE OF COMMONS

Monday, April 21, 1952

The house met at three o'clock.

CHINA

TREATMENT OF CANADIAN NATIONALS BY COMMUNIST AUTHORITIES

Right Hon. L. S. St. Laurent (Prime Minister): I should like to make a short statement regarding the treatment of Canadians in China.

The house will wish to know that the United Kingdom chargé d'affaires in Peking today presented a note to the Chinese vice-minister of foreign affairs on behalf of and with the approval of the governments of Canada, Australia, the United Kingdom and the United States, regarding the treatment accorded their nationals in China.

The note referred to previous communications on this subject which had expressed grave concern for the widespread arrests and frequent detention incommunicado of foreign nationals, and also drew attention to the hardships suffered by persons who were prevented or delayed from leaving China. The note pointed out that new arrests had taken place and listed the names of fifty-five United Kingdom, Canadian, Australian and United States citizens who are now understood to be in jail. In addition, there is an undetermined number of persons who are understood to be undergoing one form or another of house arrest.

The United Kingdom chargé d'affaires has asked the Chinese ministry of foreign affairs for information regarding the charges against those persons who have been arrested, the sentences, if any, which have been passed upon them, and their present whereabouts and welfare. He has also asked for facilities to enable him to communicate with them.

Of the fifty-five, seven Canadians are known to be imprisoned. They are Bishop Cuthbert O'Gara, Bishop Gustave Prevost, Sister Ste. Marie-Germaine, Sister Ste. Alphonse du Rédempteur, Sister Raymonde Marie, Father Eugène Lauzon, Father Arsenius Mullin.

Reports received during the past eighteen months from individuals leaving China had indicated that Canadians had not in general been physically maltreated, although some had been subjected to imprisonment and to the humiliation and indignities of what we would call mock "trials". We are therefore greatly shocked to learn of the death of Father Joseph Léon Arcand at the Franciscan mission hospital at Chefoo on February 8. He had been serving a six months' jail sentence and was brought in a deplorable condition to the hospital where he died shortly after his admission. This is the first case which has come to our attention in which there is reason to believe that the death of a Canadian missionary has been caused or hastened by serious neglect or maltreatment on the part of the Chinese communist authorities.

The fate of the five Sisters of the Immaculate Conception who were tried publicly in Canton on December 2, 1951, has of course been a continuing cause for anxiety. I know all Canadians were relieved to learn that the three sentenced to deportation had reached Hong Kong safely on February 28. However, when we received a first-hand account of their ordeal we were profoundly shocked by the deliberately callous treatment meted out to the sisters, apparently for the purpose of discrediting western humanitarian institutions in China. It seems to be the long-term policy of the Peking government to expel all western missionaries from China, or to make their lives so difficult that they will leave the country. In fact there has been a steady exodus from China of missionaries of all nationalities. According to our information, only 145 Canadians remain in China today, of whom about 100 are missionaries.

I know all hon. members share the concern of the government for the safety and well-being of Canadian missionaries in China and will be glad to be assured that everything within our means will continue to be done to assist them until they can get out.

Mr. George A. Drew (Leader of the Opposition): I am sure that all members of this house share the concern felt by the government as to the plight of Canadians who have been serving in China. We welcome the information we have received which is of a reassuring nature, but learn with great regret of the death the Prime Minister has reported. Canadians will be shocked to learn of the circumstances under which this occurred, and will hope it may be possible, by joint action of the governments associated in the defence of our free way of life, to obtain assurances from the communist government that those now in prison will be

released. I am sure no member of this house and no loyal Canadian believes for one moment that the charges preferred against these representatives of various religious bodies have any foundation whatever in fact.

NATIONAL DEFENCE

IRREGULARITIES IN ENGINEER DETACHMENT AT PETAWAWA

Hon. Brooke Claxton (Minister of National Defence): Mr. Speaker, following the discovery and investigation of grave irregularities in the engineer detachment at Petawawa camp, charges have been laid in the civil court against five civilians and one service officer, and it is expected that further charges will be laid. Mr. J. W. Pickup, Q.C., of Toronto, has been appointed by the Department of Justice as special counsel in these cases.

In view of the rule that a member while speaking must not refer to any matter on which a judicial decision is pending, I shall not refer to that aspect; but hon. members will recognize that this matter has two aspects, one, criminal, with which the courts will deal, and the other, administrative. I am sure the house will permit me to report on the situation and what I am doing to rectify it.

The irregularities first came to the attention of the department several months ago and arose out of the disposal of scrap under contracts made by Crown Assets Disposal Corporation for the sale of thirty tons in 1950 and fifteen tons in 1951.

Mr. Diefenbaker: On what date was it first ascertained that there was any trouble?

Mr. Claxton: In October, 1951. An investigation was started immediately, and it was found that under cover of these contracts about 380 additional tons were taken out. Had all the material illegally taken been scrap, it would have had a value of about $9,000, but it included some used shower stalls, stoves, wash sinks and steel rails. The shower stalls, stoves and sinks had been salvaged when replaced with new equipment or when old wartime buildings had been taken down. They had not yet been declared surplus pending a further survey to determine which of these items might be useful on a temporary basis. So far as ascertained, the only new material removed was some 600 lengths of soil pipe having a value of about $6 per length. Seizures have been made of the material that has been traced, and a considerable part of it should be recovered. It also included a used weighing scale and shovel boom, but these have been recovered.

The investigation has disclosed no foundation for the reports alleging irregularities and deficiencies in the construction of buildings in the twenty-two major construction projects under way at Petawawa. However, other irregularities were found arising out of the employment of engineer civilian and service personnel and equipment, and these are still being investigated by the R.C.M.P. and provost corps. These irregularities also included the sale to contractors of some timber and gravel in the camp area.

It is not possible yet to estimate accurately the loss to the public caused by these irregularities so far discovered, but from the reports so far made it would appear that the total loss to the public may be as much as $50,000. Reports so far indicate that no personnel are involved outside of the engineer detachment at Petawawa and the employees of the civilian contractors.

In addition to the investigation being continued by the R.C.M.P. and the provost corps, I have engaged Mr. George S. Currie, chartered accountant of Montreal, a former deputy minister of national defence, to make a full investigation of the situation, security and accounting procedure for engineer stores, equipment and services at Petawawa and elsewhere; his powers and terms of reference have no restrictions whatever. Everything possible will be done to get to the bottom of this situation and take such action and adopt such remedies as may be required.

In conclusion I would like to add that if in the course of its work the select committee on defence expenditure would like to look into the stockkeeping, accounting or auditing procedure, or any other matter relating to its work, on the spot and anywhere, all facilities will be provided.

THEFT OF STORES AND OTHER IRREGULARITIES—MOTION FOR ADJOURNMENT UNDER STANDING ORDER 31

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, since the subject has been introduced at this time, and since hon. members are anxious to know as much as they can about the circumstances which have been disclosed, I feel I should point out that it is not within the competence of the minister or of any other member of this house to vary the terms of reference of a committee which has been set up to discuss defence expenditure. Therefore I ask leave to move, seconded by the hon. member for Lake Centre (Mr. Diefenbaker), under

standing order 31, the adjournment of the house for the purpose of discussing a definite matter of urgent public importance, namely, the necessity for an immediate inquiry into the administration, and especially the accounting methods, of the Department of National Defence, the laxity of which has been revealed by the wholesale looting of military property, and by continuing incidents such as:

(a) the looting and disappearance of the Farnham military training centre down to and including the buildings, disclosed as early as December, 1949;

(b) the theft of stores and paints reported by the member for Peterborough West (Mr. Fraser) to the Minister of National Defence and the Minister of Justice, and the failure on the part of such ministers to take effective action upon the information which they had received;

(c) the theft by carload lots of hundreds of tons of supplies including such military equipment, according to press reports, as a baby tank;

(d) the theft of property at various military establishments throughout Canada, with the revelation that officers had been ordering men under their command to assist in acts of theft and fraud;

(e) fraudulent government inspection of military property;

(f) the outbreak of incendiary fires in military storehouses, significantly timed in such a way that they could have hidden the extent of any looting and thefts which had taken place in these storehouses.

Mr. Speaker: May I refer hon. members to standing order 31, under which this motion is made. It reads:

> Leave to make a motion for the adjournment of the house (when made for the purpose of discussing a definite matter of urgent public importance) must be asked after the ordinary daily routine of business has been concluded and before notices of motions or orders of the day are entered upon.

The ordinary daily routine of business has not been concluded, and even if I considered the motion in order I could not accept it at this time. May I also mention that I have received a similar notice of motion from the hon. member for Kootenay West (Mr. Herridge), who no doubt proposes to move it at a later stage. His motion is not as lengthy as this one, but it is along similar lines.

It occurs to me that this matter can be discussed in the near future. It is a very important matter, but the motion must relate to something which has occurred in the immediate past. The motion before the house refers to incidents which took place some time ago. The matter must be one of such urgency that the regular proceedings of the house should be interrupted because there will not be an opportunity of discussing the subject in the near future.

If I recall correctly, on the last day the house sat it was decided that tomorrow we would proceed with the debate on the budget. No doubt that debate will continue for a number of days, and ample opportunity will be given at that time to discuss this question. The motion has not been made at the proper time and I will have to rule that the motion cannot be considered at this time in the day's proceedings. Even if it were in order I could not allow the motion to stand on the ground of urgency.

Mr. Drew: At the moment I am not questioning the ruling, Mr. Speaker; but if it were merely a question of complying with the timing of the motion I could read it again. Do I understand that the ruling is that it could not be presented again after the introduction of bills?

Mr. Speaker: I thought I should decide that question now. I quite understand the purport of what the leader of the opposition has been saying—that he could introduce the motion at a later stage. I thought I should point out now that even if that were done I could not allow the motion to stand. The matter is not of such urgency that the regular proceedings of the house should be disturbed because there will not be an opportunity in the near future to discuss it. As I have said, the debate on the budget will commence tomorrow, when there will be ample opportunity to discuss this question.

Mr. Drew: In view of the fact that you have expressed your opinion, sir, in regard to the time at which the resolution was introduced, I might explain the purport and content of the resolution itself by saying that I introduced it at this time because the Minister of National Defence (Mr. Claxton) had introduced the subject. I wonder if, in view of the ruling, Your Honour is willing to hear any views as to the reason why this matter should be discussed at this time.

Mr. Speaker: I do not think I could do that, but I think I should allow the leader of the opposition, if he feels so disposed, to ask further questions of the Minister of National Defence with regard to this matter. He could do so now, or when the orders of the day are called.

CANADIAN NATIONAL RAILWAYS

TABLING OF BUDGETS FOR 1952

Hon. Lionel Chevrier (Minister of Transport): Mr. Speaker, I beg leave to table the

budgets of the Canadian National Railways and the Canadian National (West Indies) Steamships, Limited, for the calendar year 1952.

CRIMINAL CODE

AMENDMENT AS TO LIABILITY OF DIRECTORS OR OFFICERS OF CORPORATIONS

Mr. H. R. Argue (Assiniboia) moved for leave to introduce Bill No. 180, to amend the Criminal Code and the Combines Investigation Act (liability of directors).

Some hon. Members: Explain.

Mr. Argue: The purpose of this bill is to strengthen both the Criminal Code and the Combines Investigation Act in preventing monopolistic practices in trade and business by providing for a penalty to be imposed not only on the corporation but also on any director or officer who assents to or acquiesces in such trade practices. As the law now stands, only the corporation is liable for an offence committed under these two acts. This bill would in effect therefore make a director or officer of that corporation guilty of that offence personally and therefore liable, along with the corporation, to penalties as provided under the law.

Motion agreed to and bill read the first time.

NATIONAL DEFENCE

THEFT OF STORES AND OTHER IRREGULARITIES—MOTION FOR ADJOURNMENT UNDER STANDING ORDER 31

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, with regard to the motion I have already asked leave to move, I do not wish a ruling made which is related to the time of its introduction; therefore, I propose to ask leave now to move the same resolution. If it is Your Honour's wish or the wish of the house, I could read it, or the resolution could be taken as originally read. I wish to present it at this time in the same form so that the decision will be made directly on the resolution and not on any question as to the time of its introduction. Does Your Honour wish me to read the resolution again?

Some hon. Members: Dispense.

Mr. Drew: May I say, in presenting the resolution at this time, that the debate on the budget relates to the budget itself, and that the leave I have asked is that this house adjourn for the purpose of discussing a definite matter of urgent public importance, namely, the continuing of the looting of public property. I submit that this is not covered by the announcement made today, and there should be an opportunity in this house to discuss a situation which is of great concern to every Canadian at a time when half of the budget which will be under consideration is being placed under a department which has disclosed its inability over several years to protect the property which it already possesses.

Mr. Speaker: Any motion for adjournment of the house for the purpose of discussing a definite matter of urgent public importance is made at this stage in the proceedings. The house has heard the motion. May I point out that it refers to a number of incidents, one of which dates back to 1949 and has already been considered in this house. I believe that some of the other matters referred to have also been considered in this house. The motion could not therefore be allowed to stand. It does not relate to matters which have taken place in the immediate past. They must be of recent occurrence. (See Beauchesne, third edition, paragraph 176).

I might also point out that the house will be considering the budget tomorrow, and the debate on the budget will probably continue for some time. In the budget debate it is not the practice of members to confine their remarks to the details of the budget. In fact, as hon. members will recall, almost any subject which is not before the house is debated at that time. As the leader of the opposition has said, the matter is an extremely important one but it is not one of urgency according to the definition of the word "urgency" which we must give it under this rule.

BUSINESS OF THE HOUSE

Mr. Speaker: Did I understand that the house was prepared to consider today the Prime Minister's motion with regard to redistribution?

Some hon. Members: Agreed.

Mr. Knowles: Can the Prime Minister say now or tell us soon when the time taken today on government business will be made up so far as private members' motions are concerned?

Mr. St. Laurent: When the house was about to adjourn for the Easter recess I said that if we took the time today for public business I thought it would be fair to take, on a day that would otherwise be devoted to public business, an equal amount of time for the business of private members, but that it would have to be done in such a way as not to inconvenience or disturb the arrangements being made for public business.

I think all hon. members would regard it as fair if, within as short a time as possible, there was made up the time for private members' business that would be taken today on the motion for readjustment of the membership of the house; but I think we would have to give consideration to the other business before the house in order to fit it in in such a manner as to cause the least inconvenience.

GERM WARFARE

ALLEGED STATEMENTS BY DR. ENDICOTT

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): I should like to direct a question, either to the Prime Minister or to the Minister of Justice, about the dastardly statement alleged to have been made by Dr. Endicott in regard to the use of germ warfare in Korea and Canada's participation in the production of the means for carrying on germ warfare. Has there been any investigation to determine whether or not these alleged statements were made? Is such an investigation now being made, and what is the intention of the government with regard to a matter as serious and as dangerous to world peace as were those alleged statements?

Hon. Stuart S. Garson (Minister of Justice): I was in the west during the Easter recess, and returned to my office only this morning. I have not yet received from the mounted police any report concerning this particular episode. I might add, however, that the activities of such men as Dr. Endicott are kept under surveillance. I have no doubt that this matter has been investigated and that the report concerning it will come forward in due course. When it does, I shall be glad to make a statement.

CHEESE

QUESTION AS TO PRICE ASSISTANCE

On the orders of the day:

Mr. W. G. Blair (Lanark): I should like to direct a question to the Minister of Agriculture. Will he make a statement on the assistance to be given to the cheese producing industry? Will the assistance given to them bring the price in line with that of the concentrated milk producers who are at present receiving $3.30 on local sales?

Right Hon. J. G. Gardiner (Minister of Agriculture): I think it has been decided in the courts that questions having to do with the price of milk are under the jurisdiction of the provincial governments. The question of cheese and milk in general has, I think, been fairly well taken care of by the government of Ontario. As to cheese production and other related problems, they are dealt with accordingly.

Mr. White (Hastings-Peterborough): I should like to ask the minister a supplementary question. Did I understand him to say that there will be no floor price with regard to cheese?

Mr. Gardiner: I am not in a position to say whether there will or will not be. I understand that in Ontario there is an established price under provincial law. I do not know that anything we would do about it would override that law.

FLYING SAUCERS

PRESS REPORT AS TO USE OF JET PLANES

On the orders of the day:

Mr. J. W. Noseworthy (York South): I wish to direct a question to the Minister of Transport. Will he make a statement to the house on the news report to the effect that jet planes were engaged last night in chasing flying saucers over southwestern Ontario?

Hon. Lionel Chevrier (Minister of Transport): I take it that my hon. friend's question is predicated upon the assumption that flying saucers exist. I am not in a position to say that they do. I know, however, that the planes over which I have jurisdiction in the Department of Transport were not chasing flying saucers in southwestern Ontario or in any other part of Canada.

Mr. Noseworthy: Then may I direct the question to the Minister of National Defence.

Hon. Brooke Claxton (Minister of National Defence): This report was drawn to my attention. I looked into it and find that it almost certainly refers to an ordinary service flight of an R.A.F. Canberra plane across Canada and the middle west of the United States at a speed of something of the order of 500 miles an hour.

LABOUR CONDITIONS

INCOME TAX OFFICES—FIVE-DAY WEEK

On the orders of the day:

Mr. William Bryce (Selkirk): I wish to direct a question to the Minister of National Revenue. Have the employees of the income tax department at Toronto been granted a five-day week? If so, will the employees at the income tax office at Winnipeg and other regional offices be granted the same work week?

Redistribution Committee

Hon. J. J. McCann (Minister of National Revenue): I have not had any notice of the question which the hon. member has asked. In some of the offices throughout Canada the five-day week prevails. As to other offices, consideration is being given to the matter of the five-day week. The office in Winnipeg will be given that consideration.

BEEF

SUPPORT PRICES FOR CATTLE—PROVINCIAL EMBARGOES

On the orders of the day:

Mr. J. A. Ross (Souris): I wish to direct a question to the Minister of Agriculture with respect to a statement made by his parliamentary assistant on April 9 as to support prices for beef. Have the various provincial embargoes been cleared so that the support price is now operative, and does the support price now operate in the various markets throughout this nation?

Right Hon. J. G. Gardiner (Minister of Agriculture): Like many other hon. members here, I returned to the city only this morning after the week end. There has not been a council meeting since I came back to Ottawa but I expect that tomorrow I shall be able to make a complete statement on that question. If the hon. member will permit me to do so, I will deal with the matter then.

Mr. Ross (Souris): That is fine.

REDISTRIBUTION

READJUSTMENT OF REPRESENTATION IN THE HOUSE OF COMMONS

The house resumed, from Wednesday, April 9, consideration of the motion of Mr. St. Laurent for the appointment of a special committee on readjustment of the representation in the House of Commons.

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, this motion was called just a few minutes before the house rose for the Easter recess, and I spoke briefly upon it. On looking over the report in *Hansard* of what I said at that time, I feel that there is not much that I could now add. It would not be proper for me to repeat anything I said then, and I do not think it would be particularly useful to elaborate on it. There is, however, one aspect of the matter about which I should like to take just a few moments of the time of the house, and that is with regard to the form of the resolution on the order paper.

Hon. members will recall that I tried to make it as clear as possible that I was not presenting this motion as one on which I would ask those who usually support the government to support my views, but was doing so to provide an opportunity for hon. members to express their own convictions in the light of the responsibility they felt they had to the country and to their own constituents with respect to fair representation in the House of Commons. I stated then—and I wish to repeat it—that I tried to draft a motion that would allow all the views that hon. members might entertain on that subject to find expression in this house, but that I was not prepared to put forward a motion that went beyond what I myself would feel it possible for me to support. Therefore I had not presented a motion which would restrict the diminution in representation of any one province to 10 per cent, because that was something which I personally could not support, in view of the fact that it would conserve to Saskatchewan a larger representation than Alberta would obtain, though Saskatchewan at the present time has, according to the last census, a smaller population than Alberta; and also because it would increase the floor of Newfoundland over that of the other maritime provinces; but a restriction in the diminution at any one readjustment of 15 per cent would not have at this time any such undesirable feature.

The motion was drawn for the purpose of restoring to the constitution a provision that was in it originally to temper to some extent the rigidity of the principle of representation by population when there had been rather a small change in the relative population of the provinces. It was felt, though that had been the intention of the one-twentieth provision in the original constitution; that the one-twentieth provision had operated only between two successive censuses, and the consequence had been that there had arisen a disproportion of more than one-twentieth over a period of more than that between two censuses, and that that disproportion was not taken into account. Therefore I tried, in drafting this motion, to make it clear that there would be no such possibility here, and that every time the restriction of 15 per cent applied it would be upon what the representation of the provinces would have been under the rules of section 51 as they stand.

Just to illustrate: under this new principle, if it were adopted, though Saskatchewan would otherwise see its representation reduced by 25 per cent, it would not be reduced by more than 15 per cent. But if there were no change in the situation at the next census, the 15 per cent would apply not to the membership of seventeen that would be saved to Saskatchewan at this time under this rule, but would apply to the membership

of 15 which it would have according to the strict application of the rules in section 51 of the British North America Act. That is the explanation for the language used in this draft resolution:

(a) to provide that the representation of any province in the House of Commons on the readjustment of the representation of the provinces therein on the completion of each decennial census including that for the year 1951 shall not be reduced by more than 15 per cent below the representation to which such province was entitled under rules 1 to 4, inclusive, in subsection (1) of section 51 of the British North America Act . . .

So that if the situation were to remain—

Mr. Knowles: At the last preceding census.

Mr. St. Laurent: At the census that is being considered for the purpose of the readjustment. Under this language, if it is adopted, you would find out what the representation would be, and you would find out what the representation was under rules 1 to 4 of section 51. The last time that was 20 for Saskatchewan. You would apply the 15 per cent to 20, and that would mean that it could be a reduction of three, but not more than three. If there were no change in the trend, and the same situation repeated itself the next time, you would apply the 15 per cent to 15 and not to 17, because 17 would be the number not in accord with the rules, but something saved by the new principle.

Even that might not always overcome the intolerable situation of giving one province with a smaller population a larger representation than another province with a larger population. At the present time Saskatchewan has a larger population than Manitoba, but during the last ten years Manitoba's population increased by 5·8 per cent. If that situation were to continue up to the time of the next census it would mean that the population of Manitoba would be about 45,000 more than it is at the present time—it would be somewhere around 821,000. If there continued, which I think is unlikely, to be a diminution in the population of Saskatchewan —during this decade it was a diminution of 7·5 per cent; even if it were a diminution of only one-third of that, or 2·5 per cent, it would mean that the population of the province would not be equal to Manitoba's 821,000. Nevertheless, by applying the 15 per cent rule to both provinces without any qualification whatever, Manitoba could be reduced from 14 to 12, and Saskatchewan only from 15 to 13, because 15 per cent of their respective representations would bring about that limitation.

Well, in that event the suggestion for the committee to consider is whether it should not provide that Manitoba could not be reduced—if its population were equal to or greater than that of Saskatchewan—below the representation of Saskatchewan.

Mr. Diefenbaker: Will the Prime Minister permit a question? Was there any representation from the legislature of Saskatchewan that the 10 per cent figure should apply? Has there been any consultation with any of the other provinces in regard to the resolution which was introduced in the legislature by Mr. Tucker, the leader of the opposition in Saskatchewan, and passed unanimously? Has there been any consultation with the other provinces as to the acceptance of the unanimous recommendation of the legislature of Saskatchewan?

Mr. St. Laurent: As to the first question, representations have been made to the federal government that there was this unanimous resolution passed by the legislature of Saskatchewan. As to the second question, there has been no consultation by the federal government with the other provinces. The hon. member realizes that that is the position this party has always taken—that representation of the people in the House of Commons is not a matter which concerns the governments of the provinces but is a matter which concerns the people of Canada and their representatives in parliament.

The reason for my finding it impossible to put forward the proposal that was made in the legislature of Saskatchewan was that that would result in giving Saskatchewan, with a smaller population, a larger representation than Alberta. The house, of course, is free to do that, if a majority wishes to do it; but I would not be able to support it, and since it is something I cannot support, I cannot put it in the proposal which appears under my name on the order paper.

Personally I do not think this trend is apt to continue; I think the population of Manitoba is apt to increase at a greater rate than 5·8 per cent, which was its increase during the last decade. I think the population of Saskatchewan is going to reverse the trend and that in future it will increase rather than diminish. But, as I say, if this is to be provided as a rule to apply to future readjustments, we should guard against what theoretically could happen, so that if there was the same trend in those two provinces, with the representation of both of them having to be diminished, that of Manitoba could not be diminished below that of Saskatchewan if its population was equal to that of Saskatchewan.

So that there would be two limitations. First there would be the 15 per cent limitation—it could not go beyond that; and, second, it could not go beyond the effect the 15 per cent limitation would have upon a province with the same or smaller population.

It may very well be, as quite a large number of newspapers throughout the country have suggested, that there should be no interference whatsoever with the rules provided in the amendment made in 1946. I would be sorry if that were the conclusion of a majority in the house, because I think that, whether it be justified or not, there would be resentment among the people of Saskatchewan at the loss of 25 per cent of their membership in one readjustment. I think it is desirable, in this united nation, that all sections feel that their special situations receive consideration from the body politic generally, and that we are disposed to take what can be regarded generally as a reasonable attitude in that connection.

This will bring about some small increase in the total representation in the house. First of all there would be an increase of one for the Northwest Territories. That, I think, is something that is apt to be permanent. Indeed, it is possible that the increase by one may, at the time of the next census, be found to be insufficient, because there is development going on in the Northwest Territories, to the advantage of those localities and the advantage of the economy of the nation as a whole.

It will provide Saskatchewan with two more members than it would otherwise be entitled to; but that small increase is not very serious. And, looking over the censuses since confederation, one would feel that the adoption of a rule like this could not mean a variation of more than two or three from the 262 now provided by the constitution. This time it would provide for two for Saskatchewan; but I would hope that, next time, the population of Saskatchewan would entitle it to its full membership of 17—perhaps even more than that. However it could not mean any substantial variation in the total membership of the house. I think it is something which would not be entirely satisfactory to our friends from Saskatchewan, but which will, I hope, make them feel that their fellow Canadians throughout the whole country sympathize with the fact that there has been a diminution in the population, while there has been a growth in the populations of all other Canadian provinces.

It is worthy of consideration, I think, to remember that although there has been a diminution in the number of people counted in Saskatchewan in the last census, there has been no diminution in the contribution of new wealth to the Canadian economy provided by the people of that province. The diminution results from the fact that a lesser number of people have been able to carry on agricultural pursuits, and to provide the same return from the soil that was provided before.

It is my hope that there will come for Saskatchewan, as there has come for Alberta, and as there has come for Manitoba, some diversification in their economy which will make Saskatchewan the home not only of an agricultural population—although that is absolutely essential to the well-being of the country—but the home also of some people whose pursuits will be industrial and commercial, and who will work alongside their fellow Canadians in Saskatchewan who are devoting their energy to the tilling of the soil.

This resolution, of course, does not give binding directions to the committee to be set up. The house may decide at this time that it will have no departure whatsoever from the rules at present in the constitution. Under those circumstances the committee would have nothing to do but to determine the limits of each constituency within each province.

If on the other hand the house feels that a certain variation in those rules might well be considered by the committee, then under the terms of the resolution it will allow the committee to give consideration to such modification. I inserted in their resolution the provision that the committee would have the right to call for persons and papers; because if it came to the conclusion that some alleviation should be made, it might want to consider whether it should be done only to meet an exceptional case, in one instance, or whether it should be a new principle which would apply to future redistributions and readjustments.

In that event the committee would want to know how that should be done. It may be the committee would find it expedient to recommend some permanent change in the rules affecting readjustment, and would want to know from the law officers of the crown and the law officers of the House of Commons what would be the correct procedure in order to bring this about. Then it would be for the house to determine whether or not it should be done.

I think there is nothing further I could add that would be of any assistance in coming to a conclusion. I wish to repeat merely that this is the constitutional responsibility of each one of us, not only of members of the government as members of the House of Commons, but of every other member in the house, and probably in the same degree as it involves the responsibilities of those who form the present government.

It is not something which can be determined as an act of executive government. It is something which must be dealt with by legislation which is the responsibility of the house, and about which I wish to

make no plea other than to state what my own views are, and to ask each of my fellow members of parliament to make up his mind and to express his views in the light of his own conception of his responsibilities to Canada at large and to his own constituency in particular.

Mr. Black (Cumberland): Before the Prime Minister (Mr. St. Laurent) takes his seat, I should like to ask whether any special consideration has been given to the province of Nova Scotia which has had a substantial increase in its population but a diminution in its membership.

Mr. St. Laurent: I can assure the hon. member the figures were all gone over. I had intended to ask for the permission of the house to place on *Hansard* the results of the last census as tabulated by the chief electoral officer, showing the calculations that have been made for each province and the way in which they have been made.

Mr. Speaker: Is it agreed?

Some hon. Members: Agreed.

Mr. St. Laurent: The table is as follows:

Total members	262	Population of Canada		14,009,429
(a) Less representation of Prince Edward Island	−4	(a) Less population of Prince Edward Island	−98,429	
(b) Less representation of electoral district of Yukon-Mackenzie River	−1	(b) Less population of Yukon	−9,096	
		(c) Less population of N.W.T.	−16,004	
	257			−123,529
				13,885,900

The quotient obtained by dividing 13,885,900 by 257 is: 54,031 and the representation of each province is determined by dividing the said quotient (54,031) into the population of each respective province.

Provinces	Population	Quotient	Remainders	Number of Members	Present number of members (Representation Act 1947)
Ontario	4,597,542	85	4,907	85	83
Quebec	4,055,681	75	3,356	75	73
Nova Scotia	642,584	11	*48,243	12	13
New Brunswick	515,697	9	*29,418	10	10
Manitoba	776,541	14	20,107	14	16
Saskatchewan	831,728	15	21,263	15	20
Alberta	939,501	17	20,974	17	17
British Columbia	1,165,210	21	*30,559	22	18
Newfoundland	361,416	6	*37,230	7	7
	.....	253	.....	257	257
Prince Edward Island	.....	4	.....	4	4
Yukon-Mackenzie River	.....	1	.....	1	1
	.....	258	.....	262	262

* In order to bring the total number of members to 262, the four provinces having the largest remainders are each entitled to an additional member.

Consideration was given to the case of each province. Nova Scotia gets the benefit of one additional member for something less than the ordinary quota. It has eleven times the quota, which is 54,031, plus a remainder of 48,243, and it gets an additional member for the remainder of 48,243.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, the subject matter of this motion is not only one of very great importance to every member of the house but one of the utmost importance to all Canadians. As the Prime Minister (Mr. St. Laurent) emphasized on different occasions during his remarks, the desire of the members of the house at this time should be to provide a system of representation which will meet with satisfaction in every part of Canada and leave the impression not only in every province but in every locality within every province that the system of representation gives as fair an expression of the thoughts and desires of the people of Canada generally as may be devised by the members of parliament at this time. I can only express my regret that, with full knowledge of the fact that this extremely important subject would be coming before the House of Commons for consideration, the government has not seen fit to place before us any new method of dealing with this problem which would give to the people of Canada, as well as to members of parliament who are now called upon to express their opinions, a feeling that we have a system which will stand the test and that it is one which over the years is going to avoid any unfairness or any suggestion that it produces any other result than the most effective representation of our people that can be introduced.

During this session we have heard a speech by the hon. member for Quebec South (Mr. Power) which I am not at liberty to quote in detail under the rules of the house, but it was a speech which placed before us in clear and cogent terms the necessity for some continuing body to deal with this subject as a continuing process so that at such time as redistribution of the seats of the House of Commons becomes necessary under our constitution the plans for that redistribution will have been laid upon an impartial basis which will be likely to find general acceptance by every member of the house as well as by the people of Canada generally. It would appear that such method of dealing with this essential part of our democratic system is not to be placed before us at this time. Nevertheless the very fact that so many people are thinking about the need for a new system, and the very fact that so many Canadians are expressing the hope that there may be nothing savouring of gerrymandering at this or any other time, indicate that in our consideration of this subject we should be seeking some method which will be satisfactory at least until such time as a new and more satisfactory system is introduced, and that whatever we do we should not deal piecemeal with the problem but should attempt to find a working arrangement that respects our constitution and is in keeping with the very special form of federal system established in this country in 1867.

May I emphasize both personally and on behalf of the members of the Conservative party in this house that we are anxious to see the problem dealt with as quickly as possible. We will support every reasonable measure to deal with the subject expeditiously and justly, not so much for the members of the House of Commons as for the people of Canada whose servants we are. Nevertheless we should not seek any shortcuts which may cause difficulties afterwards, and above all, when we are doing something that is related so directly to the processes of democracy, I submit we should show the utmost respect for that constitution which has settled for us the form of democracy under which we carry on our public affairs.

The resolution now before us calls for the setting up of a select committee and then introduces certain special considerations to be placed before that committee. Although the resolution itself by its wording does not exclude consultation with the provincial governments in dealing with this question, the words of the Prime Minister (Mr. St. Laurent) this afternoon left no doubt that his opinion is definitely against such consultation. This is not the first time he has explained his own opinion in regard to consultation of that type. At page 1936 of *Hansard* for Tuesday, May 28, 1946, the Prime Minister, who was then minister of justice, in introducing a motion which had as its purpose changing the representation in this house, had this to say:

> The provinces, that is to say the people of the provinces, are all represented in this parliament, and for the purposes of such matters as are confided to the jurisdiction of this parliament it is by those representatives here that the people of the provinces speak.

That statement was similar in meaning to the statement by the Prime Minister this afternoon. I do suggest, however, that the question was not settled finally in 1946, and that hon. members should very carefully consider what it is we have before us and whether in fact, with our particular federal system, the provinces as represented by their

own governments have not some interest in the subject at this time. In fact I find it difficult to follow the arguments of the Prime Minister through to their logical conclusion because in effect he is taking into account the representation made by the legislature of Saskatchewan, which representation expressed the unanimous opinion of the members of that body no matter to what party they belonged. Before us in this resolution we have in fact an attempt to meet in part the representation which has been made on behalf of the people of Saskatchewan through the legislature and government of that province. The Prime Minister has explained that he is not prepared to go as far as the resolution of the Saskatchewan legislature went, but he has included in the resolution now being introduced a request that the committee give consideration to the proposal that the number of seats in any province shall not be reduced by more than 15 per cent below the representation to which such province was previously entitled. He has explained why he is prepared to put forward the figure of 15 per cent instead of 10 per cent.

The Prime Minister said he was placing this resolution before the House of Commons with the request that hon. members express their opinions freely and without regarding themselves as bound by the fact that this has been presented by the leader of the government. That is a suggestion with which I am in agreement; in fact I would welcome a wider application of the same suggestion on many other occasions, and I hope this may be a precedent which will be followed in future. I also hope this indicates an increasing belief on the part of the Prime Minister in the effectiveness of committees to deal with matters that require attention, so that in future he will not only be ready to propose other committees but will also suggest on those occasions that whether or not hon. members ordinarily support the government they should regard themselves as completely free to express their opinions as to the way those committees should deal with the matters referred to them. I am not in any way taking issue with the Prime Minister's statement that he brings the resolution before us in this manner when I suggest that a very large number of members of this house have formed the habit of favouring his suggestions when they are placed before us; and for that reason I recognize that when he gives his opinion as to what he would regard as satisfactory, it will at least be given very earnest consideration by those hon. members who ordinarily support him without question.

The Prime Minister indicated, as I understood his words, that he would find it quite satisfactory if the conclusion of the committee should be that the number of seats should not be reduced by more than 15 per cent below the previous figure. That being so it would seem that the Prime Minister has accepted the principle put forward by the province of Saskatchewan, though he has not been prepared to go quite as far as the legislature of that province went in making this representation. After all, this resolution merely calls upon the committee to consider the proposal. I do suggest that if consideration is to be given to the views of the Saskatchewan legislature, which quite obviously prompted this proposal—and I do not think the right hon. Minister of Agriculture (Mr. Gardiner) would challenge that—

Mr. St. Laurent: If the hon. gentleman will allow me, the proposal had been discussed and considered even before it came to us in the form of a resolution from the legislature of Saskatchewan. The members in this house representing constituencies in Saskatchewan were quite as much concerned about it as were the members of the legislature, and from the very day they arrived in Ottawa and were informed of the results of the census they suggested that every attempt be made to avoid what they considered would be an unfair action, that is to say a reduction of 25 per cent in their numbers in this house.

Mr. Gardiner: If the hon. gentleman will permit me also, the remarks of the Prime Minister relieve me of any further responsibility for answering what has just been stated by the leader of the opposition.

Mr. Drew: I was not in any doubt but that the right hon. Minister of Agriculture had been making very vigorous representations to the government. In fact I was quite sure that the delay in getting this resolution before us was occasioned by an attempt on the part of the government to meet his representations. I do not know whether or not they have, but at least I am quite sure he was making very vigorous representations. It may well be that the consideration of this subject had been before the government for some time, in view of the interest which the Minister of Agriculture (Mr. Gardiner) has in it. I know that there are other members in this house extremely interested in this subject. The hon. member for Lake Centre (Mr. Diefenbaker) has already discussed the matter on different occasions. These members have expressed their opinions, but what I am pointing out is that reference has already been made this afternoon to representations made by the Saskatchewan legislature. I believe that the committee should not be tied on this matter but that

they should be free to consider the representations of the government of Saskatchewan. If they are to consider those representations the figure should be 10 per cent and not 15 per cent, because that was the figure stated in the resolution adopted by the Saskatchewan legislature.

Most certainly if I were supporting this resolution in its general form, I would wish the figure of 10 per cent to be substituted for the figure of 15 per cent. But there are other considerations. The very fact that the Saskatchewan legislature has passed a resolution, and that the effect of that resolution has been presented to this government, the fact that the hon. member for Cumberland (Mr. Black) has this afternoon raised a question about Nova Scotia and that questions have already been raised about Manitoba, suggests that this is not a matter which affects any one province. It is a subject that affects every province and the people in those provinces.

The Prime Minister says the people of those provinces are represented by members in this house. He went further and said that this had always been the position of his party. I must take issue with that, Mr. Speaker, because I am under the impression that until 1946 the position of his party was the very opposite. I think we are confronted here with a question as to whether there is or is not a provincial interest affected. If there is a provincial interest affected, should the provinces be consulted? I should like to quote the words of an earlier leader of the Liberal party in Canada, Sir Wilfrid Laurier. In 1907, as reported at page 2198 of volume II of *Hansard* for that year, he had this to say:

> The question we have to deal with at the present moment is this. In parliament here we can do as we please; we are in the majority; but are the members of this house prepared to say that if any province finds itself aggrieved by the terms of confederation, which have been accepted by all the provinces, they will ask the British parliament to alter the constitution in the way desired by that particular province? Such a course might be followed by very serious consequences. Confederation is a compact, made originally by four provinces, but adhered to by all the nine provinces who have entered it, and I submit to the judgment of this house and to the best consideration of its members, that this compact should not be lightly altered. It should be altered only for adequate cause, and after the provinces themselves have had an opportunity to pass judgment on the same.

In those words, Mr. Speaker, Sir Wilfrid Laurier was reiterating what he had said on many earlier occasions, namely that the British North America Act is a compact, originally agreed to by the four provinces which started Canada on its course but subsequently adhered to by all the nine provinces which joined to make one great nation. Now that there are ten provinces and that the whole of the area which might be incorporated within Canadian boundaries under the original concept of the fathers of confederation has in fact adhered to that compact, I submit that our obligation to respect its provisions and to respect the spirit of that compact is greater today than ever before.

Nor was that view expressed on behalf of the Liberal party alone. In 1914 Sir Robert Borden was speaking on a motion for leave to introduce the Representation Act of 1914. A subject similar to that which we have before us today was under consideration on February 10, 1914, when he had this to say, as reported at page 612 of *Hansard* for that date:

> The terms which were then fixed between the four original provinces undoubtedly constituted a compact between those provinces, and up to the present time they have, of course, been carried out according to the true intent and meaning of the statute.

Sir Robert Borden then dealt with further developments by way of adding new provinces. He had this to say, as reported on page 614 of the same volume of *Hansard*:

> Speaking for myself, I do not see how it would be possible for this parliament to attempt any alteration in the representation of the provinces without the consent of the provinces themselves. It was in that connection that the question was taken up before the interprovincial conference held last autumn in the city of Ottawa, and the result of the proceedings of that conference amounted to this, that the conference declined to take any action on the subject, saying that the matter was one for the consideration of parliament. It is absolutely, in one sense, for the consideration of this parliament, although this parliament has no power to amend the British North America Act. On the other hand, if I apprehend the situation correctly, so far as the four original provinces are concerned, it was also a question for these four original provinces to say whether or not any change could or should be made in the compact under which the first provinces entered into the confederation. The province of Quebec having been fixed as the pivotal province for representation retains the exact number of sixty-five members in this house under all conditions.

Then at a later date in 1924, the Right Hon. Arthur Meighen had this to say as reported at page 520 of *Hansard* for that year:

> The British North America Act and the limitations which are imposed upon our powers, if there are such limitations, are made of our own free will. There is no inferiority in that. It is the result of a treaty as my hon. friend from Lotbiniere (Mr. Vien) said. It is a treaty between various colonies which entered into an agreement. They fixed what the powers of the central parliament should be, and they also fixed what the powers of the various provinces which succeeded the colonies of that time would be, and this was ratified and accepted by the Imperial parliament of the time. Everything we have or have not is because we wanted it so. Now this treaty cannot be changed, it has been the contention of many constitutional authorities, and I think it is only fair that no change should be

accepted, without the consent of all those who were parties to it. It is a sacred treaty just as is any other treaty; it is no "scrap of paper."

Then in 1925 the house was dealing with an address asking for power for the Canadian parliament to amend the British North America Act, with the limitation that it could not make amendments affecting rights guaranteed to minorities. At page 300 of *Hansard* of February 18, 1925, Mr. Ladner interrupted Mr. Lapointe with a question:

Mr. Ladner: If the minister will permit me, will that not apply in the case of each proposed amendment? Does the minister consider it advisable to lay down general clauses which will enable the provinces and the dominion to amend the constitution, or would it not always be a question of amending the act only after consultation with the provinces?

That question was answered by Mr. Lapointe as follows:

Mr. Lapointe: I submit that this should be a matter for understanding between the dominion and the provinces, and it is a matter upon which, I am sure, agreement might and should be reached. I heard an hon. member say the other day, speaking, I believe, of the suggested law concerning the eight-hour day, and evidently being impatient of the obstacle put in the way of that enactment in the difficulty of knowing the respective fields of jurisdiction on the part of the dominion and the provinces—I heard him say, "Well, where there is a will there is a way." I was surprised at that statement. That was the spirit which inspired the invaders of Belgium in 1914, and the world was precipitated in a sea of blood. Surely the British North America Act cannot be made a scrap of paper, as that treaty was made at that time. There is a way, perhaps, yes; but the only way is the friendly way, is the legal way, is the constitutional way. It is to approach the various parties to the agreement with a view to arriving at an understanding as to the changes which may be necessary and which may be agreed upon by all the parties to the pact. As I have said, I do not think there could be any other way; I believe that any arbitrary action in the matter would simply defeat its own purpose and would strike at the root of our national unity. I think I cite history correctly when I say that every time there has been a dispute in Canada as regards provincial rights, those who were on the side of provincial rights were victorious in the end. I do not think there can be any attempt to change the mutual charter of both the dominion and the provinces by the arbitrary action of this parliament. I do not think it is possible to do it. To those who want changes, and I am willing to admit that there might be the necessity for changes, I would say that the only way to get them is the constitutional way, to ask the consent of the various parties to confederation. Mr. Speaker, after sixty years of confederation I think we may safely say that notwithstanding the great obstacles which were in their way the Fathers of Confederation who gathered in 1865 did a great work; I think we may boldly say after sixty years that their work has been a very satisfactory one. It was not perfect; there is no perfection in human devices, but certainly they did the best they could.

As I have said, I would not like to leave the impression that my own view is that no changes should be made at any time, or that no changes are possible. I agree that we are living in 1925, and not in 1865. The problems of Canada must be settled in the light of the present situation.

Mr. Speaker, may I say that we are living in 1952, not in 1865. But again I suggest that every argument put forward by a great member of the Liberal party in this house at that time bears consideration by the members of this house today.

On the very next day following the one to which I have already referred, on February 19, 1925, Mr. T. A. Crerar, who was then the leader of the Progressive party, spoke on this subject. I wish to quote from what he said on that day as reported at page 317 of *Hansard* for that year:

I quite agree with the argument advanced by the Minister of Justice (Mr. Lapointe) yesterday that the confederation pact was in the nature of a treaty. It was the result of different provinces getting together and agreeing upon a solution that would lead them out of their difficulties. But while that was one of the reasons behind the confederation understanding or agreement in 1867, there was also another aspiration behind it, and it was voiced, perhaps most strongly, by the great architect of confederation, Sir John A. Macdonald, for in large measure he was the architect of confederation, even if he could not claim credit for originating the idea.

Then again on the same day, Right Hon. Arthur Meighen spoke as follows, as reported at page 335 of *Hansard* of 1925:

The resolution itself calls upon this house to petition the British parliament to give us power to amend the British North America Act by a majority vote. I have not heard any hon. member, save the mover, support the resolution in those naked terms. The speech of the Minister of Justice (Mr. Lapointe) is decisive in the negative. He raised only one objection—no other is needed. He laboured it, perhaps, too long, but he presented it most forcibly and well. No one in this parliament of Canada could dream, for a moment, of asking the British House of Commons and House of Lords to tear up the securities to which we and others are parties on the mere demand of this house itself. Undoubtedly, the pact of confederation is a contract and there are rights involved therein not represented by the parliament of Canada. We could not put ourselves in the position of asking that rights so secured should be disturbed on our motion alone. The speech of the Minister of Justice determines, I think, without power of dispute, that there should never be suggestion of amendment affecting other parties to the contract save after conference and consent of those other parties.

I have read those quotations at this length for two reasons, Mr. Speaker. The first was to answer the suggestion that it has always been the policy of the Liberal party that the provinces are represented effectively through the members here in relation to matters of this nature, and the second was to lay the foundation for an amendment I shall introduce, and which has as its purpose the redeclaration of what I believe to be the proper principle in dealing with a question of this kind.

To my quotations from Sir Wilfrid Laurier, Mr. Lapointe and Mr. Crerar, I know that the answer may be given that in 1946 the then minister of justice, who is now the Prime

Minister, (Mr. St. Laurent) introduced another method; and that following his assertion that the provinces are all represented in this parliament, he then went on to make an argument in support of a resolution which had as its ultimate result a change in the basis upon which the provinces of Canada would be represented, without consulting the provinces themselves. I do not accept that resolution as binding or as final. I think this house followed a wrong course in 1946. I think that the house would have been well advised to adopt the amendment introduced at that time by the hon. member for Lake Centre (Mr. Diefenbaker) when he sought to have the provinces consulted before the final decision was made. I believe that at that time the amendment which he introduced to the motion presented to the house by the present Prime Minister, who was then minister of justice, was not only consistent with the traditional position of the Conservative party but was also consistent with the traditional position of the Liberal party from confederation up till that time.

Either there are questions affecting the interests of the provinces or there are not. Certainly, the legislature of Saskatchewan think that there are questions affecting their interests. It is certain from what we have already heard in this house that there are those in Manitoba who think their interests are affected. It is certain from what we have heard in this house that there are those who think that the interests of Nova Scotia are affected. It is certain from what we have heard from other hon. members in this house that the interests of all provinces are affected. And there is another reason why I think that consideration should be given to the position of the provinces in this matter.

The representation of the four original provinces was based upon the Quebec resolutions. The province of Quebec was used as the arithmetic basis upon which computations would be made, and, for the purpose of determining the representation of all provinces, the province of Quebec was to have 65 members. In 1946 that number was increased. I am not questioning at this time the desirability of the increase of the number of seats in Quebec or in any other province; but I do challenge the wisdom of making a change at this time without consulting the provinces, and I challenge still more strongly the wisdom today of making any other changes at this time without consulting the provinces, because it is apparent that further changes in the number of seats affecting the larger provinces are going to have serious consequences for the provinces with smaller populations because of the immense growth of population in the provinces of Ontario, Quebec, British Columbia and Alberta.

Nothing would be unnecessarily delayed by calling the provinces into consultation at this time and having their representations right here in Ottawa. It is possible that the provincial governments would be quite satisfied to place their views before a select committee set up by this house. Nevertheless, whatever system is adopted should be a system which would be satisfactory to them.

We will support a separate resolution setting up a select committee, and would hope that that would be introduced without any unnecessary conditions attached to it. Then it would be possible for a committee to proceed with the basic work and have representations made to it, either directly from the provinces or from a conference jointly representative of the dominion government and the provincial governments. One of the reasons why it would seem wise to follow such a course at this time is that the Minister of Agriculture, who has already indicated his interest in this proposal, thought that finality had been reached in 1946 at the time when the hon. member for Lake Centre was pointing out the desirability of consulting the provinces. The Minister of Agriculture was quite satisfied not to follow that course, and he felt that finality had been reached. I quote from what he said on this subject at page 2475 of *Hansard* of June 13, 1946:

> This resolution provides for an amendment to the constitution which retains the membership of the House of Commons at exactly the same figure when we have forty million people as it provides for at the present time when we have less than twelve million people. In other words, the membership of the house would not under this resolution ever increase beyond 255. It would remain at that throughout all time until someone undertook to amend the constitution further in order to provide for something else. But we in this parliament cannot take into consideration all the things which people may do fifty years hence, or all things they may do even twenty years hence. We can only act in the light of the information and the knowledge we have and do the thing which we think advisable. Under this resolution what we are proposing as advisable is to have the House of Commons composed of 255 members, and we are providing the means under which it will not increase beyond that figure but will remain at it.

I should point out that the increase to 262 resulted from the addition of Newfoundland as the tenth province of Canada; but that in no way changes the effect of the words of the Minister of Agriculture in this house on June 13, 1946. May I remind hon. members that no matter what the Prime Minister thought then, no matter what the Prime Minister thinks today, the Minister of Agriculture had this to say:

> It would remain at that throughout all time until someone undertook to amend the constitution further in order to provide for something else.

Unless the Minister of Agriculture has some new opinion in regard to this matter, it is clear that he would support the position we take, that this is a subject upon which the provinces should be consulted, and most certainly that there must be an amendment to the British North America Act. If there is to be an amendment to the British North America Act to change the number of seats in this house, then I do submit that, no matter what was done in 1946, we should go back to the principles accepted by the Liberal party for many long years, as stated by Sir Wilfrid Laurier, and later by Mr. Lapointe and by other Liberals as well, and recognize that the agreement between the provinces—call it a compact, call it a treaty, call it a covenant, call it an agreement, call it what you will—did represent the basis upon which the provinces of that day agreed to form one nation, and the basis upon which all the other provinces which have joined this nation since that time have entered confederation.

I can only repeat what I said before. If we were to deal with a resolution which introduced the figure of 15 per cent as the limit of reduction of the number of seats of any province, we would be partially recognizing the request that has been made: whether it came first from members from Saskatchewan, or not, or whether it came first formally from the government of Saskatchewan, wherever it came from, it goes partly along the road toward recognition of their recommendation but does not go the whole way. I submit, Mr. Speaker, that if the committee is to give consideration to matters of this kind, this house should not tie the hands of the committee by dealing with the figure of 15 per cent. It should be quite ready to consider the resolution presented by the legislature of Saskatchewan, and have before it that resolution in its original form, asking that 10 per cent be the figure which would be the maximum reduction in the number of seats in that province.

What the committee will do will then be obviously for it to decide, as it will be for this house ultimately to decide what it shall do, following the report of the committee itself. I do urge that in a matter of this kind it be recognized that while today Saskatchewan, Manitoba, Nova Scotia and New Brunswick may be concerned about the effect of the law as it now stands, it might be any other province at some other time—yes, it might be Quebec or Ontario or British Columbia at some time in the future. I do not think we should deal with this on the basis of casual expediency, seeking partly to meet requests for justice which have been made by one province or another, and then limiting the measures to which concession is made to the request put forward by any provincial government.

I think this is the time to bring all the provincial governments together, recognizing that those provincial governments—or certainly some of them—were not satisfied with the course followed in 1946, and with that knowledge seek a basis for redistribution which would be satisfactory not only to members of the House of Commons but to the people of Canada generally, as well as to the provincial legislatures representing the people in the provinces within the provincial sphere, as do members of the House of Commons representing the people of the whole of Canada within dominion jurisdiction.

Before I move the amendment I am about to propose, may I anticipate any suggestion that this will delay matters. If the amendment I offer is adopted by the house, then a motion to set up a select committee can be put forward, the committee can be set up and can be dealing with the routine procedure and the basic material connected with this subject, while independently a conference can be held which would seek the opinions of the ten provinces and some basis which would accept the sanctity of the British North America Act as the great agreement which laid the foundation for Canadian unity.

Therefore I move in amendment, seconded by the hon. member for Three Rivers (Mr. Balcer):

That all the words after "that" be struck out and the following substituted therefor:

"whereas there is presently before parliament a bill to provide for representation of the House of Commons which *inter alia* allots to the several provinces of the dominion the number of members they may elect to the said house;

And whereas it has been represented to the government and parliament of Canada that provision should be made for minimum representation of individual provinces;

And whereas provision for such minimum representation cannot be made without first amending the British North America Act;

And whereas the British North America Act interpreted in statutory form the agreement made by the four original provinces and subscribed to by all the other provinces on entering confederation,

Therefore be it resolved that in the opinion of this house appropriate steps should be taken for dominion-provincial consultation so that the views of the several provinces may be made known to this house before consideration is given to changing their electoral representation as presently provided by the British North America Act."

Mr. Speaker: I am wondering whether the amendment is in order. Does not this amendment negative the motion before the house, and set forth another proposal?

Mr. Drew: May I speak to that question?

Mr. Speaker: There is another point, but I shall not mention it for the time being.

Mr. Drew: Mr. Speaker, I submit that this does not in any way negative the motion. That was the thought to which I was directing my repeated reference to the fact that there need be no delay in proceeding with this whole question.

The setting up of a select committee can be proceeded with, either under this or under a similar motion, once this principle is decided upon. If this amendment were adopted—and, after all, the matter before Your Honour is the possibility of its adoption—it would assert that the provinces should be consulted by means of a dominion-provincial conference. The house, by whatever procedure might be considered desirable, could go forward with all the details relating to the essential statistical information called for by the committee itself at any time.

I would point out however that unless a motion of this kind can be made in this way and at this time—and this is the only time I see when it can be made, so that the subject matter can be dealt with expeditiously—then we have no way of asserting in relation to this subject that consultation with the provinces should be an essential consideration in relation to changes which will affect the interests of every province, changes which we believe relate to the very foundation of this federal system of ours.

I have already referred to the fact that at the time the motion was introduced in 1946 by the Prime Minister, who was at that time minister of justice, an amendment was introduced by the hon. member for Lake Centre calling for consultation with the provinces. That amendment was voted down, but was not ruled out of order.

I submit the whole effect of the amendment now before the house is to give consideration to the desirability of consulting the provinces before anything is done which would affect the structure of the British North America Act. And may I add to what I have already said that, while changes were made in 1946 by another procedure, I submit we are not bound by that procedure. I submit further that on many earlier occasions another procedure was regarded as desirable, and that the principle accepted in the house until 1946, by both the Liberal and Conservative parties, was that the provincial governments should be consulted in regard to any matter of this kind.

I am suggesting it is of the utmost importance that such consultation should take place. This amendment provides an opportunity to express that opinion, without negativing the resolution itself, and thus leaving it open to proceed with the principles contained in the resolution.

The reason I have dealt with the subject in this way, and have not left part of the resolution to stand and then added this to it, is that there might be some question at a subsequent time about part of the subject matter having been dealt with by the house, and thus subsequent consideration of these other matters that had been introduced would be prevented.

Mr. McIvor: I should like to ask a question. Does it affect provincial constituencies or is it for the dominion only?

Mr. Drew: It affects the constituencies from which members are sent to this House of Commons. Those members are members of this house. They are not subject to the direction or control of any provincial legislature or of any other body outside of this house. Nevertheless I am re-emphasizing my own belief that the basis upon which the provinces would be represented in the house was an essential consideration at the time the provinces came together to form one nation, that today we should respect that sacred treaty which made this country one nation, and that no matter what may have been done on any single occasion in the past we should get back to the principles which were so clearly stated by Sir Wilfrid Laurier, Sir Robert Borden, Right Hon. Arthur Meighen, and Mr. Lapointe, as well as Mr. Crerar, who later became a member of the Liberal party.

Mr. Sinnott: That is not an answer to the question.

Mr. St. Laurent: The leader of the opposition was speaking to the point of order but he was arguing for the merits of the proposal that there be consultation with the provincial government before anything is done with respect to representation.

Mr. Drew: I would remind the Prime Minister I was answering a question by the hon. member for Fort William (Mr. McIvor).

Mr. St. Laurent: It was an argument in support of the principle that this house should not deal with the matter of representation of the people of the provinces without the consent of the provincial governments. The leader of the opposition cited a statement I made in 1946. Then he cited statements made by Sir Wilfrid Laurier, Right Hon. Arthur Meighen, Hon. Mr. Crerar, Right Hon. Mr. Lapointe and others, but they had to do with the proposals that there be taken from the

provinces and transferred to the federal parliament jurisdiction which, by the British North America Act, was given to the provinces. I am sure the leader of the opposition did not want to do me any injustice. In what he cited there was the statement that with respect to the matters which were within the jurisdiction of this parliament the people of the provinces were represented by the members whom they elected to this parliament and not by the members they elected to their provincial legislatures. That was the extent to which I went.

With respect to the point of order concerning the amendment, it is clearly an expanded negative of the motion. It proposes that all the words in the motion after the word "that" be wiped out. The motion is a motion to set up a special committee. All the words providing for the setting up of the special committee are going to be wiped out if the amendment is accepted, and there will be a general statement with a lot of whereases that the opinion of the provincial governments be obtained at a dominion-provincial conference. It is always very much the same thing. In putting that proposal forward hon. gentlemen opposite have never said whether or not there should be unanimous consent of the provinces before any change could be made. They have always shied away from that. They say there should be consultation with the provinces, but "what will you do if one of them says no?" "Oh well, we will wait and see if one does say no before we answer that question."

Mr. Knowles: On a point of order, I agree with what the Prime Minister is saying, but can we have it clear whether this discussion is on the point of order or on the substance of the amendment?

Mr. Speaker: Order. We cannot have two points of order before the house at the same time.

Mr. St. Laurent: My submission pertains to the point of order. Acceptance of the amendment would constitute an assertion to this effect:

> . . . that in the opinion of this house appropriate steps should be taken for dominion-provincial consultation so that the views of the several provinces may be made known to this house before consideration is given to changing their electoral representation as presently provided by the British North America Act.

If that is passed, that is all there is to it. There is no other decision. The hon. member says that there could be another motion to set up a select committee although I do not know what Your Honour would decide in that event. There would have been a vote striking out the words that provide for the setting up of the committee, and I do not know whether Your Honour would consider that another motion could be made to restore what a vote of the house had struck out or to do the same thing in another form. I submit, Mr. Speaker, that the amendment is an expanded negative of the proposal that we proceed to have the house consider readjustment of the representation of its membership as required by the constitution, and that it do not consider doing that until there has been a dominion-provincial conference.

The hon. member referred to the fact that there was a vote on the amendment submitted by the hon. member for Lake Centre (Mr. Diefenbaker). I have not the record here but my recollection is that the hon. member for Lake Centre proposed to insert before the words of the original resolution, which was one for an address to His Majesty to lay a certain proposed bill before the parliament at Westminster, words to the effect that there be a dominion-provincial conference to consider the matter, and that upon a satisfactory understanding having been reached an address be then submitted to His Majesty. There it was really a modification of the procedure that had been proposed, not to the effect that there should be no address at all but that prior to its presentation there should be a consultation of the dominion and provincial governments. Even then, as I remember it, the hon. member would not say that his views were that there could not be any change whatsoever if one province refused to agree to that change. There was to be a consultation to see how the provinces felt about it.

But if it is a contract, treaty, compact or anything of that kind that cannot be changed without consent, it requires the consent of all, and if the proper parties are the provincial governments responsible to members elected to the provincial legislatures then you have to have the consent of each and every one of them before anything can be done. As I recollect it, that has never been stated by the opposition as the proper principle. On the point of order, I suggest to Your Honour that the amendment cannot be considered as one pertaining to the motion now before you. It is something entirely new and would constitute a denial by the house of the proposal contained in the original motion.

Mr. Drew: Since the Prime Minister has raised the question as to what we would consider necessary to achieve results, perhaps he would simplify it for all of us by indicating what measure of agreement he

expects from the provinces if there are to be any results from the dominion-provincial conferences now under way.

Mr. St. Laurent: I do not think it would be possible nor that it would be in conformity with the constitution to attempt to take from any provincial legislature without its consent any right given to that legislature by the constitution; and I think it is quite unnecessary to consult provincial governments with respect to the exercise of the jurisdiction given by the constitution to the federal parliament by the representatives of all the provinces elected to this house.

Mr. Drew: Before you give a ruling, Mr. Speaker, may I refer you to page 993 of *Hansard* for the session of 1918. At that time a very long motion was before the house, setting out a number of details; and an amendment was moved similar in form to the one now before the house, simply providing that all the words after "that" be struck out and something else substituted therefor. That amendment is at page 956 of the same *Hansard*.

I mention this because on that occasion the amendment would have disposed of the whole resolution originally presented to the house, and would have substituted a representation which related to the same subject but which of course did not carry forward the original resolution. The subject matter was entirely different from that now before us, but I am placing that resolution and amendment before you because the procedure was the same. That amendment wiped out the whole motion after the word "that" and substituted another proposition. That was permitted and was voted upon. I submit the situation is exactly the same today.

Mr. Speaker: Would the leader of the opposition tell me whether any point of order was raised at that time?

Mr. Drew: If the hon. member for Lake Centre (Mr. Diefenbaker) might be allowed to proceed, I will look that up.

Mr. Diefenbaker: Some reference was made by the Prime Minister (Mr. St. Laurent) to what happened in 1946. On May 28 of that year the right hon. gentleman, for the then prime minister, moved:

> That, whereas by the British North America Act, 1867, it is provided that in respect of representation in the House of Commons the province of Quebec shall have the fixed number of sixty-five members; and whereas the said act provides that there shall be assigned to each of the other provinces such a number of members as will bear the same proportion to the number of its population as the number of sixty-five bears to the number of the population of Quebec—

Then after dealing with the various portions of the British North America Act it goes on:

> And whereas it is considered that a more equitable apportionment of members to the various provinces could be effected if readjustment were made on the basis of the population of all the provinces taken as a whole.
>
> A humble address be presented to His Majesty the King in the following words:

Then are set out in detail the operative words requesting the imperial parliament to amend the British North America Act in accordance with the request of this parliament. At page 2235 of *Hansard* for June 6, 1946, I moved that the motion be amended by deleting the words "An humble address be presented to His Majesty the King in the following words" and substituting therefor:

> And whereas it is desirable that the government should consult with the several provinces in respect of the said matter.
>
> Now therefore be it resolved that the government be required to consult at once the several provinces and upon satisfactory conclusion of such consultations be authorized to present an humble address to His Majesty in the following terms.

Mr. St. Laurent: Yes; that is as I remembered it.

Mr. Diefenbaker: I was just placing it on record because the Prime Minister made reference to it. The amendment I moved at that time was couched in those terms.

Mr. Drew: In answer to the question you raised, Mr. Speaker, I do not believe the procedure was challenged. I believe it was accepted as a procedure which had been followed on earlier occasions.

Mr. Speaker: I have listened attentively to what has been said by the Prime Minister (Mr. St. Laurent), the Leader of the Opposition (Mr. Drew) and the hon. member for Lake Centre (Mr. Diefenbaker) as to the regularity of the amendment. I followed the remarks of the leader of the opposition in which he stated that if this amendment carried, then a committee could be set up; but I think he and the house would agree with me that if the amendment carried the proposal now before the house to set up a committee would be defeated. The amendment does not add to the motion now before the house but destroys it, and sets forth a different proposal. I can see that if our rules provided for what the leader of the opposition has suggested the amendment might be in order, but I am unable to find any such procedure. In view of that fact I am forced to rule the amendment out of order.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, now that the amendment has been disposed of, I rise to speak to the motion of the Prime Minister (Mr. St. Laurent). As I see it that motion and the debate which has developed thus far raise three main questions. First is the question as to what is the best and most desirable way to tackle the problem of redistribution. In the second place we have before us the precise terms of the Prime Minister's motion, which we must consider and on which we must express our views. In the third place we have the constitutional question which I submit is in fact raised by the motion and has also been raised in the course of the debate by the leader of the opposition (Mr. Drew). My remarks may involve some crossing of the lines between those three questions, but at any rate they are the three points to which I wish to address myself at this time.

In the first place I want to express once again as strongly as I can the view of this group that redistribution should not be the business of parliament nor of a parliamentary committee. We share to the full the views which have been expressed on a number of occasions by the hon. member for Quebec South (Mr. Power) to the effect that redistribution should be handled by an independent commission.

The last time redistribution came before this house was in 1947. Parenthetically, I might point out that it was in 1946 that a resolution seeking an amendment to the British North America Act was passed so as to change the basis of redistribution, but it was in 1947 that the redistribution bill itself came before us. On the second reading of that bill in 1947 I moved an amendment to the effect that the bill be not then read a second time but that the house express as its opinion the view that the whole question of redistribution should be dealt with by an independent commission. One of the first members to speak after I moved that amendment was the hon. member for Quebec South (Mr. Power). He pointed out that this idea of an independent commission was an old one so far as he was concerned, and that he had in fact prepared a bill in that direction some years before when he had been a member of the government. He referred to that bill again in a speech he made in the house during the course of this session.

In other words, in 1947 the member for Quebec South indicated his support of the principle of the proposal contained in my amendment to the second reading of the redistribution bill, but he pointed out that it was too late then, when redistribution was on our doorstep, to consider any other method of dealing with it. I was therefore disappointed that the member for Quebec South, having said that when redistribution is on our doorstep is no time to deal with the problem but that it should be dealt with in between, waited from 1947 until redistribution was on our doorstep again before he raised the matter in this house, either by a speech or by the bill he has placed on the order paper. I agree with him that this problem should be dealt with by an independent commission, but I feel that this business of forever saying there is some other time to deal with it is irresponsible. There is no time like the present for parliament to take a stand on this important question. Thus it is that with respect to that part of the Prime Minister's motion, Mr. Speaker, which takes it for granted that it is proper to refer this matter to a committee of this house, I am in disagreement.

The other day when the member for Quebec South was speaking, he had occasion to quote from Professor Norman Ward of the university of Saskatchewan, who has written quite a number of articles and works on parliamentary democracy and in particular has recently written a number of articles on the redistribution question. One of those articles appeared in the Winnipeg *Free Press* of February 9, 1952 and was entitled "Too big for parliament." I should like to quote a few sentences from that article.

> The problem of redistribution has become too vast and complicated to be handled satisfactorily by a committee of the House of Commons, which, like all house committees, has no staff trained in research techniques or anything else. With the best will in the world, a group of M.P.'s drawn from many occupations, provinces and political parties would find it extremely difficult to face objectively the problems connected with sharing seats fairly among the provinces and sharing seats fairly among the people within each province. Population density, homogeneity and topographical features and area, are all factors which ought to be considered seriously. But under the normal circumstances in which redistribution takes place in the House of Commons, with all parties jockeying for position, all factors become entangled in what Hon. C. G. (Chubby) Power, M.P. who ought to know, has called an "unseemly, undignified, and utterly confusing scramble for personal and political advantage."

I agree with what the member for Quebec South has said, and I agree with the views expressed by Professor Norman Ward in his advice to us that this problem should be dealt with not by a committee of those who are interested in the boundaries of seats for which they are potential members in future parliaments but rather by an independent commission.

I would point out that most democratic countries have moved on to the idea of an independent commission, and in particular I

draw attention to the practice that has been in vogue at Westminster since about 1916 or 1917. It was at that time that a conference of members of all parties in the British House of Commons was convened to go into this whole matter. They recommended the appointment of an independent commission to deal with the problem. This conference recognized that there should be an element of parliamentary representation, but the recommendation confined that element to the Speaker of the British House of Commons. Although the reports of the boundary commission of the United Kingdom are subject to perfunctory approval of the British house, nevertheless any changes that have been made in the boundaries in the United Kingdom since that time have been made by that independent commission. I feel that we, as members of this House of Commons, owe it to this country to take steps as speedily as we can in the direction of setting up an independent commission to deal with this matter.

I should like to point out that in the quotation I read from Professor Norman Ward, he referred not only to the impossibility of members of parliament dealing objectively with the problem of sharing seats within a province, but he said it was equally difficult for members of parliament to be objective in sharing seats fairly among the provinces. Both of these problems, Mr. Speaker, are before us at this time. The Prime Minister's motion pinpoints the problem of sharing seats in this parliament among the provinces. If the motion passes and the committee is set up, in addition to dealing with the problem of sharing seats fairly amongst the provinces, that committee will have to deal with the problem of sharing seats fairly within each province. The latter problem is one that every redistribution committee has had to deal with, and the results are too well known to all members.

However, the main issue before us in the Prime Minister's motion is the question of whether or not members of parliament are competent to make a decision as to what is a fair way of apportioning seats amongst the different provinces of this country. I feel that we should have an independent commission, not only for the problem we have had every ten years of drawing the boundaries properly within the provinces, but we should also have an independent commission to grapple with the fundamentals of the question that has arisen because of the serious loss of seats in certain parts of this country. The question of the sanctity of the "Rep by Pop" formula is raised. Adherents of the democratic process across the years have believed in this formula. In the main there is no question but that it is a principle from which we should depart with the greatest of caution. Yet there are times when, by oversimplifying a principle, a wrong can be done. That seems to have been recognized by the Canadian parliament because we have departed from the "Rep by Pop" principle in a number of ways. We have departed from it in apportioning the seats amongst the provinces. From 1867 down until 1946 there was in the British North America Act what was known as the one-twentieth rule which very definitely varied the "Rep by Pop" principle. Since 1915 there has been in the constitution of this country the rule that no province can have fewer seats than the number of senators assigned to that province. That rule definitely upsets the "Rep by Pop" idea. On several occasions when new provinces were admitted into confederation, they were allotted members in excess of the number to which their actual population would have entitled them. That is the basis upon which Yukon-Mackenzie River was given a seat; while in terms of area all of us feel that there should be more than one member up there, nevertheless in terms of population we have upset the "Rep by Pop" rule for that large area.

Those who have advocated these various deviations from the "Rep by Pop" rule have had good arguments for them, and have always said that we should use plain, ordinary, common sense. I quite agree that there has been some common sense in some of these departures from the "Rep by Pop" rule. But, Mr. Speaker, let us honestly face up to what has been done. Let us face the fact that we have found fault with that rule from time to time and that we have found it necessary to develop certain overtones or deviations in order to deal with actual problems. That is what is happening now. In 1943 and in 1946 the Prime Minister (Mr. St. Laurent), who was minister of justice on both occasions, spoke favourably of the "Rep by Pop" rule. I have the quotations here on the desk in front of me. Particularly in 1946, when it was decided to do away with the one-twentieth rule, the Prime Minister, speaking for the government, said it was felt at that time that we should get our representation more nearly on the basis of the population of the country.

We lay down these rules but we change them every ten or twenty years. Now, within less than a decade since the last change was made, presumably for all time, the Prime Minister is confronted with this problem created by the loss of five seats in Saskatchewan, two in Manitoba and one in Nova Scotia. He realizes that the strict application of that rule produces an unfairness or a

wrong, and so he feels—as does the government with him—that perchance consideration should be given to some variation in the rule of "Rep by Pop" in order to avoid creating an anomaly or perpetuating a wrong. If we have reached the point where we recognize, through the experience of this country from 1867 on, that "Rep by Pop" oversimplified and applied strictly does not meet the bill, is it not time that we referred this whole matter to an independent commission for a study of the basic factors involved in the representation in the House of Commons?

At this point I want to say that it is my intention to support the Prime Minister's motion. There is a change which I think should be made and which I believe would make it better, but either in its present form or with the change which I shall suggest, it is still an expedient to deal with the problem rather than the setting up of a commission to deal with the problem in terms of fundamentals.

The Prime Minister today referred to the loss of population in Saskatchewan, and yet said that that was not any indication that there was a decline in the contribution of the people of Saskatchewan to the life and the economy of this country. I agree with him. But does that not suggest that maybe we have got to take into consideration other factors besides that of population? Is that not so, particularly in a far-flung country like this, in a country like Canada where we have some areas that are thickly populated and others that are sparsely populated but are still making a great contribution to the life of this country? The situation in our land is unique and, as I say, it seems to me there are other factors than that of population that should be taken into consideration. But I think that consideration should be given not by way of a snap judgment on a resolution which is at best an expedient but rather that that consideration should be given by a really independent body studying the whole problem.

Anyone who has read works such as those of Professor Ward will realize that there is room for real study of this problem. That study might produce a set of rules which would be satisfactory and which would make us all feel happier in that they would be fundamental and basic rather than just expedients. I want to say again, Mr. Speaker, that I feel strongly that we should have an independent commission not only for the job that is proposed in the bill that is on the order paper in the name of the hon. member for Quebec South (Mr. Power), namely the drawing of the boundaries of the constituencies within our provinces, but we should also have it to deal with this basic and fundamental question of what should be the factors taken into consideration in deciding the representation from the various areas in this country.

A few minutes ago I was giving examples of the way in which we violate the principle of "Rep by Pop". In particular, I was doing it with respect to the division of the seats among the provinces. I might also add that within the provinces we do not worry a great deal about the principle of "Rep by Pop". There is one member in this House of Commons who represents a constituency which, according to the last census, had a population of 9,999 persons, less than 10,000. There is another member who sits two or three seats away from me who represents a constituency in which there are nearly 160,000 persons. That is a proportion of 16 to one. That is the variation in the size of constituencies in terms of population represented by members in this house. I should point out that those two constituencies are in different provinces but even in one province like Ontario, the population goes all the way from less than 20,000 to nearly 160,000.

Mr. Ross (Souris): At present from 17,000 to nearly 160,000.

Mr. Knowles: The hon. member for Souris (Mr. Ross) should not interrupt at this point or I will mention how many he represents.

Mr. Ross (Souris): I will tell you myself.

Mr. Knowles: The hon. member for Souris represents only about one-third of the number represented by those of us from the constituencies in the city of Winnipeg. In view of all that, and particularly in view of the situation to which I have referred in Ontario, where members represent constituencies with populations which run from less than 20,000 to nearly 160,000, this is no place for anyone to stand up and prate about "Rep by Pop". That situation is defended here—20,000 in one constituency and 160,000 in another; really no one defends that extreme case, but there are members in the house who will defend variations from 40,000 to 60,000, we will say, on the ground that it is easier for a member to give service to a compact constituency like mine, for example, than it is for a member who represents a far-flung constituency that may cover half of a province. There is one constituency in my province of Manitoba that covers, in terms of area, nearly two-thirds of the province, I believe. I would be the first to admit that the member for that constituency has a much more difficult time in serving it than I have in serving a constituency that is only

a mile wide and two or three miles long. There is room for some variation in cases such as I have just mentioned, but not for the extremes I referred to earlier.

However, if we accept that principle within a province I suggest that the day has come when we are going to have to accept that principle as among the various areas in this country. Here in central Canada—shall I say from Three Rivers down to Windsor—you have an area where the population is heavily concentrated. If you look at the map of those constituencies you will find that they are all fairly small. I do not think there is a doubt in the world that members in that whole area could give service as members of parliament to a larger number of people per member than is possible, shall we say, in the whole area from the great lakes to the Rocky mountains.

I do not think it is our right as members, affected as we are, to make decisions of that kind. I think, however, that there are basic principles that have got to be gone into, and that the type of body to go into them is an independent commission with some good judges on it or some good students of this matter, such as a man like Professor Norman Ward whom we have been quoting, and others, including geographers and statisticians—people who could really look at this problem objectively. I hope that it will not be long before that approach will be made.

If the hope of getting such an independent commission to deal with this problem at this time is dim, in view of the fact that the Prime Minister has put this motion on the order paper, that means that we have to express our views on this particular way of dealing with the problem. I think I made it clear that I regard it as an expedient; certainly, a poor second to the type of proposal that I have been making. But if the independent commission is not forthcoming, what about this expedient? Well, at least it does attempt to face up to the fact that "Rep by Pop" as among the provinces, while it sounds good, does create anomalies and cases of unfairness. That is particularly true, and very obvious, when the result of the strict application of section 51 of the British North America Act results in a province like Saskatchewan losing 25 per cent of its membership at one fell blow, five seats, and the province of Manitoba losing two seats at the same time, even though we in the province of Manitoba have had an actual increase in our population in the last ten years of over 5 per cent. Well, if that is the basis—

[Mr. Knowles.]

And Mr. Deputy Speaker having taken the chair:

Mr. Knowles: I am very happy to be interrupted by that applause for you, Mr. Deputy Speaker, and to have the honour at this time of extending publicly to you my congratulations on your recent election to the high office which you now hold.

I was about to say that the proposal that is now before us is worth consideration as a second best, in that it faces up to the problem and tries to solve it, if you accept the basis that this is parliament's job. But if we are going to deal with the problem in this way, I feel very strongly that the Prime Minister (Mr. St. Laurent) should have given more consideration to the 10 per cent floor which was suggested by the resolution that was passed unanimously by the legislature of Saskatchewan.

I do not take the view of the leader of the opposition (Mr. Drew) that because the legislature of Saskatchewan passed the resolution that means that it has to be presented as it is to the committee, for this is clearly a federal matter; but I still think the government should have given more favourable consideration to the terms of that resolution. I listened carefully, both on Wednesday, April 9, and again this afternoon, to the two arguments which the Prime Minister advanced against the 10 per cent floor rather than the floor of 15 per cent, and in my view both of his arguments can be answered quite easily.

First, his argument was that the 10 per cent floor would result in Saskatchewan having 18 members, and Alberta 17, despite the fact that Alberta's population is a little larger than that of Saskatchewan. Well, Mr. Speaker, that argument would have been valid on the basis of the Prime Minister's resolution in the form in which he first placed it on the order paper. But he withdrew the motion in the form in which he first placed it on the order paper, and submitted a substitute motion, which has this extra proviso to the effect that the operation of this floor must never result in a province with a smaller population having more members than some other province with a larger population. But that proviso is there now, and if he changed the figure of 15 per cent to 10 per cent in the new form of his motion—and that is what we have now, and not the original form—if he changed it in the new form the result would be that Saskatchewan would have 18 members instead of 17 or 15, and the application of the proviso would give to Alberta the same number of 18 members as would be given to Saskatchewan.

The same 10 per cent floor which I am now advocating would of course result in Manitoba losing only one member instead of two. I realize I am from Manitoba and it may be said I am speaking on behalf of my own province, but I think hon. members will have to admit the justice of this argument. I submit that for a province to gain population to the extent of 5·8 per cent and then be asked to take a loss of two members is not fair, and that a proposal such as the one I am making that we have a 10 per cent floor so that we would lose only one seat with our 5·8 per cent increase in population is one to which further consideration should be given. I have been tempted to move an amendment to that effect, but you know we have the experience now and then in this house of having amendments or motions which are made from the opposition side defeated. Even when they are passed unanimously sometimes the government rejects them, but we will get to that in another debate. Therefore rather than move it in the form of an amendment, at this time at any rate, I put this 10 per cent proposal forward as a suggestion and I ask the Prime Minister to consider it seriously.

I say to him again that his first argument against the 10 per cent floor was an argument that he thought up and was valid in relation to the original form of the motion, but it is not valid in relation to the present form, because the result would be as I have indicated, of Saskatchewan retaining its 18 seats. It would result as well in Alberta having 18, and Manitoba would end up with 15 which, as I say, is a loss of one seat. Surely, that is loss enough for us to take when we have had an actual increase in population to the extent of 5·8 per cent in the last ten years.

The other argument that the Prime Minister used against the 10 per cent floor was that it would provide in effect a floor for Newfoundland of its present 7 seats. It is obvious that that is what it would do. If you had the 10 per cent floor a province with 7 seats could not lose one member, and so 7 would be the floor. The Prime Minister said that that would give it a floor higher than the other maritime provinces. I think he meant that it would be a floor higher than the floor of the other maritime provinces. But that does not apply except in the case of Prince Edward Island. New Brunswick already has a floor of 10; Nova Scotia also has a floor of 10. Prince Edward Island has a floor of 4, but that is two above the number of members it would be entitled to mathematically. I do not think it would be unfair for Newfoundland, as a result of the 10 per cent formula, to have a floor of 7. What is so sacred about those senatorial floors? I would say that we should not disturb them in the sense of reducing them, but there is no law against providing a higher floor above the present floor, which is what even the present 15 per cent clause could do with respect to some of the provinces eventually.

But let me get back to the senatorial floors and to the situation in the maritime provinces. If you were to take the present population of Prince Edward Island as a basis for its senatorial floor, or for its floor of 4 in the number of members of parliament it must have, on that basis New Brunswick's population is such that it should have a floor of 20, Nova Scotia a floor of 26, and Newfoundland a floor of 14. On the other hand, if you were to leave out Prince Edward Island because of its very small population and take New Brunswick on the basis of its present population and say that its present population entitles it to a floor of 10, on that basis Nova Scotia would be entitled to a floor of 12 and Newfoundland to a floor of 7. So, Mr. Speaker, on no count can you make it out that it is unfair for Newfoundland to have a floor of 7 rather than its present floor of 6, particularly when Nova Scotia and New Brunswick already have their floors of 10. I might also point out that a 10 per cent floor under the reduction to be effected as a result of any census would also provide a floor of 9 for the western provinces. I cannot envision a day when the mathematics of the situation would reduce us down to that figure. At the present time the senatorial floor is not much use to us out there. It gives us a floor of 6 in each western province. If we had a 10 per cent floor that at least would give us a floor of 9 rather than the present floor of 6.

And so, on all counts, I do not see any argument at all against the resolution submitted by the legislature of Saskatchewan. I strongly urge the Prime Minister (Mr. St. Laurent) to reconsider that part of his motion. He might consent even to someone on his side amending his motion, not necessarily changing the 15 per cent to 10 per cent, but putting both figures in, and thus giving the committee the right to consider both propositions, as alternatives. Surely that is little enough to ask.

As I say, I am not, at this stage, moving an amendment. Rather I make this suggestion to the Prime Minister, because if we are going to follow this method, this use of an expedient, that of having a floor in terms of percentage, then I think we are fully justified in asking that it be 10 per cent rather than 15. And I plead for that, not only

for my own province, which it would certainly affect, but for the province of Saskatchewan and other areas that might be affected now or at any time in the future.

I turn now to the constitutional aspect of the question, touched upon by inference by the Prime Minister and touched upon very directly by the leader of the opposition (Mr. Drew). I would point out first that since confederation there have been four amendments to the British North America Act which dealt directly with the problem of representation or redistribution. Those four amendments are the amendments of 1886, 1915, 1943, and 1946.

The amendment of 1886, which is dealt with at page 99 of Dr. Ollivier's book, in which he deals with the British North America Act and Selected Statutes, was an amendment giving the parliament of Canada the right to provide for representation in the House of Commons—and the Senate, too, if they wished—from territories not included within the provinces. That certainly affected representation in the House of Commons and also affected the ratio as between any one province and the rest of the country.

The amendment of 1915, which is dealt with at page 111 of this same volume, is the amendment which dealt with the senatorial floor. It now operates in the case of Prince Edward Island, and certainly did have and still has a bearing upon the representation in the House of Commons, and the ratio of seats among the various provinces.

The amendment of 1943, which is dealt with at page 118 of this same volume, was one which most of us will recall as having postponed the redistribution which was to be made following the census of 1941. The result of that amendment was that the election of 1945 was fought on a redistribution worked out on the basis of the census of 1931. In effect it was contrary to the original provision of the constitution. So there again was a constitutional change having a bearing upon representation in the House of Commons.

The last of the four to which I have referred is the amendment of 1946, to which reference is made at page 119 of this same volume. It is the amendment that provided a membership of 255—that was before Newfoundland came in—and made provision for the basis upon which we are now operating.

There are other amendments to the constitution which might be said to have a bearing on representation. I refer to the statutes which brought in the various provinces—Manitoba, Saskatchewan, Alberta, and so on, and, more recently, in 1949, the amendment bringing in Newfoundland. In each case we added members to the House of Commons and upset the ratio or the relationship which previously existed between any one province and the rest of the country.

I would point out however that in all these cases the changes in the constitution were made on motions of this parliament and this parliament alone. I wish to speak particularly with respect to the four that directly affected redistribution, namely the amendments to the British North America Act made in the years 1886, 1915, 1943 and 1946.

As I said before, in not one of these cases was there any consultation with the provinces. The changes were made here, by this parliament, on the basis of section 51 of the British North America Act which says, quite clearly—and this is the wording as provided by the Statute Law Revision Act of 1893:

> On the completion of each decennial census the representation of the four provinces shall be readjusted by such authority, in such manner and from such time as the parliament of Canada from time to time provides.

In other words this was not something that was to be discussed with the provinces. This was a matter to be dealt with by the parliament of Canada. I would point out that parliament has taken it to be its right, under section 51, not only to change the boundaries within the provinces by the method we have followed, but also to change the rules governing the apportionment of seats among the provinces. That has been done with respect to each of the four amendments to which I have referred, as well as with respect to amendments admitting the various new provinces.

What was the record with respect to the attitude taken by parliament and, if you will, taken by the various parties in the house, on each of those four occasions? Perhaps that would be a good question for me to answer when we resume at eight o'clock.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Knowles: Mr. Speaker, when the house rose at six o'clock I had just referred to the fact that there have been four amendments to the British North America Act dealing directly with the problem of redistribution. I pointed out that those were in 1886, 1915, 1943 and 1946. I ended my remarks at six o'clock by asking the question as to what had been the attitude of the house toward those changes on each of those occasions. May I say that on not one of these occasions were the provinces consulted. The action of sending a resolution to Westminster was taken by the parliament of Canada under

the terms of section 51 of the British North America Act. On the first two occasions, 1886 and 1915, Conservative governments were in power. The first one was during the regime of Sir John A. Macdonald. The second one was during the days when Sir Robert Borden was prime minister. The third and fourth occasions were when a Liberal government was in power, Mr. Mackenzie King being the prime minister at both times.

It is true, as was pointed out this afternoon by the leader of the opposition (Mr. Drew), that in 1946 the Progressive Conservative party in this house opposed seeking an amendment to the constitution with respect to redistribution without first consulting the provinces. Nevertheless by an overwhelming vote of the house it was decided to amend the constitution in that way in the belief in the minds of the majority that this parliament had the right to do so under the terms of section 51 of the British North America Act. That leaves one other case, namely, that of 1943, when the British North America Act was amended in order to postpone the redistribution consequent upon the census of 1941. The result of that amendment was that the election of 1945 was fought on the basis of the census of 1931, clearly contrary to the spirit and the provisions of the original constitution. When the 1943 amendment came to a vote in the house on July 5 of that year it carried by a vote of 115 to 9. The group of nine consisted of a few then independent or semi-independent members from the province of Quebec, but all the Progressive Conservatives who were then in the house voted for the resolution to amend the constitution at that time in respect of redistribution.

Let me read a few of the names that are listed amongst those voting for the motion. Since they are listed here by their names I think it is in order for me to read them that way. The following names appear: Black, Cardiff, Casselman, Diefenbaker, Graydon, Green, Ross, Tustin, and many others. In other words, I am simply pointing out that on that occasion there was no question so far as the official stand of the Progressive Conservative party was concerned. They supported this change in the constitution having to do with redistribution.

In other words, Mr. Speaker, section 51 of the British North America Act is clear. Redistribution is a matter that comes within the responsibility of the federal parliament. The precedents, all four of them, are equally clear, namely, that the changes made in the constitution dealing with redistribution have been made by the parliament of Canada without consulting the provinces. I feel that is the course that it is still the right and the duty of this parliament to pursue.

Redistribution Committee

There is one other matter I should like to deal with briefly. The question has been raised both by the Prime Minister (Mr. St. Laurent) and by the Leader of the Opposition as to how we would go about a move of this kind assuming that it does involve a change in the constitution. To my way of thinking there is no doubt but that a change such as is suggested in the Prime Minister's motion does involve changing the constitution, whether that change is made indirectly or directly. After all, section 51 of the British North America Act now stipulates the basis upon which the membership of the House of Commons is to be determined. If the committee set up by virtue of this motion recommends some other basis then that is either repugnant to the constitution or involves changing the constitution. We now have the right to do that in this parliament, and we have had that right since the fall of 1949. As hon. members will recall, in the first session of this parliament—which met in the fall of 1949—we passed a motion which resulted in an amendment being made at Westminster whereby sub-section 1 of section 91 of the British North America Act now gives to the parliament of Canada the right to amend our own constitution with respect to matters that are clearly federal except for a few items specifically listed as entrenched clauses. Therefore we now can do what was done in 1886, 1915, 1943 and 1946. We can amend the constitution with respect to redistribution but, unlike what had to be done in those years, we do not now have to go to Westminster. We can do it ourselves right here in the parliament of Canada.

If I may say so, I think the method to be followed has been indicated to the house in another bill on the order paper in my name having to do with the quorum of the House of Commons. A study of that bill will make it clear that we do not have the right in this parliament to amend a statute of another country, namely, the British North America Act itself, but after all the constitution of Canada does not consist only of the British North America Act. It consists of a number of statutes, some of them British, some of them Canadian, some of them pre-1867, some since 1867. After all, Magna Carta, the Bill of Rights of 1688 and many other statutes are in effect part of the constitution of Canada. Dr. Ollivier tells me what we now have the right to do by virtue of the new subsection 1 of section 91 of the British North America Act is to pass Canadian legislation which, when added to that body of statutes comprising our constitution, does in that way amend the constitution of this country.

Therefore it seems to me we can deal with this matter in either one of two ways. We can do it in an indirect way which I think is second best. We can pass a bill changing the representation of the house in which we include a preamble saying that notwithstanding the provisions of section 51 of the British North America Act, and by virtue of the power contained in section 91 (1) of the British North America Act, we enact as follows. Then we can spell out the proposed redistribution as planned by the committee. However, I feel that the better way to deal with the matter would be for us first of all to pass legislation amending section 51 of the British North America Act in the same way that my Bill No. 179 seeks to amend section 37 of the British North America Act with respect to the quorum of the House of Commons. Having amended section 51 of the British North America Act in that way to provide, as is our right, a new basis for adjusting the representation in the House of Commons, we could then bring in a redistribution bill based upon the provisions of the amendment to the constitution which we had properly enacted in the way I have suggested. If a change is to be made I hope such a course will be followed.

I thank the house, Mr. Speaker, for the attention and perhaps the extra few minutes that have been given me. I repeat that I earnestly hope consideration will be given the idea of setting up an independent commission to review the whole problem, both the question of drawing the boundaries within a province and that of apportioning the seats among provinces and areas. If that cannot be done at this time by virtue of the decision of the government, we will support the motion of the Prime Minister (Mr. St. Laurent); but once again we would make our plea to him in the strongest possible terms to reconsider the figure set out in that motion. We feel that if a floor is going to be established it would be far more justifiable, far more in keeping with fair play to all concerned, to set the floor at 10 per cent instead of 15 per cent. The proposed floor of 15 per cent would seem to have the effect of assisting only one province. A 10 per cent floor would assist at least one other province now, if not two, and other provinces in the future, and I feel that a 10 per cent floor would appeal to all as a fairer way of dealing with this problem, pending a settlement of it on a more fundamental basis, which I hope will come soon.

Mr. Robert Fair (Battle River): I listened with great interest to the remarks of the Prime Minister (Mr. St. Laurent) on April 9, and again to all that was said this afternoon in connection with this question of redistribution. I was a member of the last committee to deal with this matter, and I hope we may have as easy a time in 1952 as we had then. As far as Alberta was concerned we had a very pleasant time. The hon. member for Athabaska (Mr. Dechene) and I got together in his office for a very few minutes, and we were the first committee to bring in a unanimous report with respect to our province, a report which I may say was accepted by the main committee and later by the house.

We in this group will support in principle the resolution that has been brought in by the Prime Minister. I am not sure that as it stands it is in the best possible form; but because we are making the laws here I feel that we can change it if a majority of the house finds it necessary and advisable to do so. For that reason we do not intend to tie ourselves down now to the exact terms of the resolution.

Three proposals have been suggested. One is the constitutional method under which Saskatchewan stands to lose five seats, Manitoba two and Nova Scotia one. I do not feel that this is quite fair to those provinces. Saskatchewan has suffered in the past and is suffering today, not because of bad weather but from floods, foot-and-mouth disease and the agricultural policies laid down by this government. It would not be right to take five seats from them now, as would be the case under the constitutional method.

The proposal by the Prime Minister that no province should lose more than 15 per cent of its seats seems an improvement on the constitutional method. But a still better method has been suggested; that is that no province should lose more than 10 per cent of its seats. Since the province in which I live would not lose any representation under any of these methods I feel that I am perhaps freer to speak on this matter than some others may be. As things stand I believe we might very well consider the 10 per cent reduction rather than the other two methods. It may be possible that some of the other provinces, the maritimes or perhaps some provinces even closer to Ottawa, are ready to take advantage of such a provision; in fact one of the eastern provinces has already taken advantage of similar legislation passed under the British North America Act. While I have no desire whatever to take away that right, I do not believe there would be any discrimination against any other part of the dominion by having this 10 per cent floor put into effect at this time.

I believe it is fully understood and recognized by the people of Canada that the west, as a part of Canada, suffers as a result of its representation here, or rather I should say

its lack of representation. We have in the west a small population in comparison with the wealth produced, but to my knowledge that has never been taken into consideration. When you want men to go overseas you go west and get the very best men to be had. When you want the best bread in the world at the lowest price in the world you go west, and you certainly get that too. When you want to collect enormous sums in income tax, especially from the farmers, you go west and get it from them. So I think we should have some little compensation to make up for some of those things.

I feel that if this matter is sent to the committee without some of the limitations imposed at the present time; if the committee will face its work in a co-operative spirit; if it will take the advice given three or four weeks ago by the hon. member for Quebec South (Mr. Power) and cut out the skulduggery, a very satisfactory job can be done. I hope to be a member of that committee. I hope to do my work in a very fair manner, and I hope to have the co-operation of all the other members in the committee.

We in this group appreciate the privilege given by the Prime Minister to his followers to vote freely on this question. That is not ordinarily the case, and I hope hon. members will take full advantage of it. Somebody suggests that it may be hard to overcome habit, but members are sent here to represent their constituents and to work for their constituencies first and their parties second. That, of course, is not the rule here with the party in power, and in that the official opposition might be included. I believe that laws are made by men and women for the benefit of the community as a whole. While we in this house are supreme, I feel that we have a responsibility to all Canadians to do a fair job in connection with the redistribution of seats in the House of Commons.

Mr. Daniel McIvor (Fort William): I would like to congratulate the leader of the opposition (Mr. Drew) on the splendid speeches he has been reading lately. It has been said that the more you read about a person the more you get to like him, so there is great hope for the hon. gentleman.

As far as this amendment is concerned, to me it is quite clear. I do not think the right hon. Prime Minister (Mr. St. Laurent) should be expected to ask the provinces to come and help him settle his redistribution difficulties, any more than the province of Manitoba or any other province should ask the dominion to help with its redistribution bill. I think that point is quite clear.

Mr. J. A. Ross (Souris): I should like to take a very few minutes in this debate following what was said by the previous speaker. I am one of those who, having read history, believe the provinces should be consulted when we make changes of this kind. There has been confusion in some minds as to whether or not the provinces should be consulted about this matter of federal representation. In his statement the other day the Prime Minister (Mr. St. Laurent) laid down the principle that the allocation of seats was by provinces according to their population. Coming from Manitoba I am naturally very interested, not only in Manitoba but in all the prairie provinces. While it has been claimed that we have representation by population, that has never been altogether true. Several amendments have been made deviating to some extent from that principle.

We go back to the census of 1911 when an amendment was passed assuring certain provinces that their representation should not fall below their senatorial representation. You have Prince Edward Island with four members representing less than 100,000 people. I am not trying to quarrel with that, but I am pointing out the disparity that will exist in the prairie provinces under this proposal. I must say that I followed the arguments of the Prime Minister very closely. I was rather impressed with his argument that no one province whose population was smaller than another province should be granted members on a basis that would give more members than the larger provinces. However, as I looked into that argument, I thought there could be a lot of flaws. Even with the proposed 15 per cent formula it would mean giving Saskatchewan 17 seats and Manitoba 14 seats. This would leave a difference of some 6,430 of population per riding in those two provinces alone. I am not objecting to saving as many seats as possible for Saskatchewan, but I am pointing out the disparity that will exist between these two adjoining provinces under this 15 per cent formula. I think that would be unfair.

As was pointed out by another member from the west, it does seem unfair that when we have a gain in population of 5·8 per cent or almost 47,000 people, we should have to lose these two seats. I would think, therefore, in view of the Prime Minister's very fair statement, he might yet reconsider and introduce an amendment to his resolution whereby the 10 per cent would be applicable rather than the 15 per cent. Certainly, this would benefit Manitoba. It might

benefit Nova Scotia, and I think it would be fairer in the future, although none of us can predict exactly what will happen in future years. It was pointed out this afternoon that when you get down to the subcommittees for the provinces you find very great disparities in the population of the various ridings. Someone said that in one riding in Quebec there were 9,999 people according to the last census.

Mr. Gauthier (Portneuf): Which riding was that?

Mr. Ross (Souris): I believe it was Iles-de-la-Madeleine. According to the last census one riding in Ontario has slightly over 17,000, as compared with one of the Yorks which is just under 160,000. These illustrations point out the tremendous difference you find once the general committee is broken up into provincial subcommittees. I know it is quite a chore.

The hon. member for Winnipeg North Centre (Mr. Knowles) made reference to the very small riding I have the honour to represent. I happen to have had the privilege of being a member of the last redistribution committee, so I know some of the controversies and difficulties that are experienced. My own proposition was for a considerably larger riding than the boundaries of Souris enclose today, but there were other people who were quite concerned about other ridings who did not want to give up parts of their ridings, despite the size of those ridings. There are all of these conflicts with which you have to deal, and I realize how serious that is. I just want to take this opportunity to make a plea, especially for the prairie provinces, for some reconsideration of this formula so that the 10 per cent formula could be made applicable rather than the 15 per cent.

As was pointed out, under this proposal no harm would come to anyone and it would assist more provinces than does the 15 per cent formula. I trust that the members of the committee will deal with their duties as fairly as possible when the committee is set up. I am making this appeal at this time because we are desirous of saving as many seats for the prairie provinces as we can. While we are supposed to have representation by population it has been recognized, not only in this country but in many other countries, that where you have a concentration of population such as in urban centres, a representative can represent a larger number of people than he should be called upon to represent in a rural area in which there is great difficulty in travelling.

In view of the fact we are now to have two members from the Yukon and Northwest Territories, I believe we have set up a good example. I am not opposing that idea. I feel it is only right that there should be two members, despite the very small population which I think is about 25,000. I believe it is right because of the geographical conditions. The same idea should be carried out for the western provinces.

The contribution that these areas make to the welfare of the whole nation should also be taken into consideration. I was happy to hear the Prime Minister say that in Saskatchewan and the other prairie provinces fewer people are producing just as much today and making as great a contribution to the welfare of this nation as had been done in the past by a greater number of people. I think that point should be borne in mind. I wish to make a last appeal to the Prime Minister to give some direction to the committee allowing them to use the 10 per cent formula rather than the 15 per cent, because it would be more beneficial to a greater number of areas than the 15 per cent would be.

Mr. R. R. Knight (Saskatoon): After the brilliant exposition by the hon. member for Winnipeg North Centre (Mr. Knowles), I feel somewhat diffident in speaking about this matter, but I come from that province which will probably be affected more than any other province and I suspect my people may expect me to say a word or two. At the outset may I say that this whole idea is so tangled up that I should like to make it clear that I, too, support the 10 per cent as opposed to the 15 per cent formula. In saying that, I need not say that I am opposed to the bill which we have seen, and which I think has had first reading in this house.

Under the British North America Act, and under the strict rules of representation by population, each province would be given the number of members to which its population entitled it. This appears to be fair, and it would be fair if it were adhered to, but we know it is not adhered to. The British North America Act sets forth the basis for calculating the representations according to the population of the province, but in practice representation by population is not being carried out. I have the statistics for three or four electoral districts in Canada and the number represented by an individual member varies all the way from 10,000 to 100,000. This afternoon I looked up some of those districts, and I found this. According to the 1941 census the electoral district of Welland has 93,836 of population and Glengarry, on the other hand, has 18,732. Then

going down to Quebec, we have Joliette-L'Assomption-Montcalm with 63,462 of population and Iles-de-la-Madeleine with 8,940. These discrepancies surely should be ironed out.

Then there is a difference in the matter of the representation of the provinces themselves. Representation by population was abandoned when the first members of parliament were admitted to this house from certain provinces, notably British Columbia, Manitoba and Prince Edward Island. Thus, these are precedents for the abandonment of the idea of strict representation by population as such. In particular, Prince Edward Island is favourably and particularly protected by the abandonment of that principle which is and indeed should not be the sole determinant.

Then we come to the size of the territories over which a single member has care and to the interests of whose people he must attend. While I have with me no statistics in regard to this matter, I would say that in the west the large constituency is the rule and not the exception whereas in the east we have the exactly opposite position. I think someone has mentioned the comparative wealth-producing ability of those particular areas. We find this thinly populated area of the west and we know the reason for that loss in population. We know, for instance, that in Saskatchewan it is one of the greatest problems, if not the greatest. It is a problem which has been caused by the mechanization of the agricultural industry, as a result of which one man or a man and a boy can take off more wheat in these days than could a crew of 26 or 36 men some years ago. That does not mean, however, that the amount of wealth which those areas are producing is less than that which was produced by the larger number of workers.

If one looks at the map, particularly, of, shall we say, that bend in the St. Lawrence river and including the city of Montreal, and counts the number of members in that area as compared with the number in that vast territory in the west, I think he will appreciate what I mean. If we are now to reduce the number of seats occupied by western members, we shall aggravate rather than help that condition which I have just described; for obviously such alteration would aggravate that situation in the west, and would make large areas into still larger areas to be represented by individual members. I often think that if some of the members representing city districts in Montreal, around Toronto or in some of those other thickly-populated areas, had to look after districts such as Maple Creek in Saskatchewan or Skeena in British Columbia or some of these other places, they would realize what a tremendous task confronts a member of parliament for such places.

As I said, certain provinces have had their interests protected by artificial means. When I say "by artificial means", I mean by principles other than that of representation by population. Saskatchewan and Manitoba have never had that protection nor have they it at the present time. The one-twentieth clause or the 5 per cent clause—the clause which says that there should be no diminution of seats unless there was more than a 5 per cent diminution in the population—was, I think, designed, as a matter of fact, to help the maritime provinces; but the province which benefited—and I do not know to what extent the maritimes benefited—was the province of Ontario.

Adherence to the principle of representation by population would have lessened Ontario's seats by these figures: from 82 to 81 after 1921 and to 78 after 1931. Instead of that happening, that province held 82 seats from 1914 to 1947. That protection is not at present available to Saskatchewan. Then we have New Brunswick whose representation cannot drop below 10 members of parliament and Prince Edward Island whose representation cannot drop below the number of 4. I am not saying anything against it, but of course it is over-represented at the moment in that it has four members whereas its population would justify the possession of only two. One protection is that a province cannot have a lesser number of members of parliament than of senators. But that provision certainly furnishes no immediate protection for either Saskatchewan—or Manitoba—which, on a consideration of population alone would lose —and it has been mooted; it was mooted in the bill—at one blow one-quarter of its total representation. I do not think there is anyone in this house who thinks such a thing should happen. I am pleased to see that the Prime Minister (Mr. St. Laurent) does not think it should happen either. But we are afraid that when that bill is submitted to the committee, the committee might report favourably upon it.

I agree with those who do not believe that the work of redistribution should be done piecemeal. I agree with what many of my hon. friends have said when they have indicated that it should be a matter of national consideration by those who have nothing to gain or nothing to lose by the particular transaction; in other words, that it should be a work for scientists, technicians, statisticians, geographers and perhaps particularly for men who know something about political science.

It is my opinion—and I say this without malice toward anyone—that I do not think that members of parliament are particularly qualified to do that particular job; and in saying that I am leaving quite out of consideration the idea of any prejudice which they might have. But since we are deprived of the benefit for the moment—because there seems to be no immediate prospect of having a committee of that kind, but I hope that it will be set up in time for the next redistribution—in the meantime we have to follow expediency and do the best we can. Coming from Saskatchewan I am naturally interested in seeing that Saskatchewan should hold, as far as possible, the representation which it now has. Saskatchewan has already suffered in the matter, as indeed has Manitoba. Owing to the timing of the election in 1921, an election was held there before redistribution could be brought about. So it was the redistribution which was based on the 1911 census that was carried on up until the election of 1925. Since the election was held before the redistribution of 1921, those two provinces of the prairie west were deprived of 7 seats for at least four years. I am not saying of course that it could be prevented. I am merely showing that we have had some hardships in the past in this regard, and perhaps should have some consideration at the present time. The fact which I have just stated surely does away at least with the argument that we must have redistribution immediately in order to do justice to the provinces of British Columbia, Ontario and Quebec, which have found their populations increasing. In view of all this, and in view of the fact that for the first twenty-five years of this century those prairie provinces were systematically under-represented, owing to the rate of immigration into them—I am talking now about the government of 1921 which knew that the prairie provinces were under-represented; I shall not quote the passage I have in mind, but it is clearly shown in the remarks of Mr. Meighen, the prime minister of that day, which can be found at pages 38 and 39 of *Hansard* of the year 1921—I, like other members who represent not only Saskatchewan but all of that prairie west, hope that at least there may be an option as between the 10 per cent and the 15 per cent which the committee can study and report on.

I like the idea too that it is not only Saskatchewan that will be favoured by any such decision. As I understand it, the province of Alberta would gain one by such a decision, and also the province of Manitoba. As I understand it, the whole prairie section would receive some benefit.

Mr. Harkness: Will the hon. member permit a question? How would Alberta gain one under this formula?

Mr. Knight: The 10 per cent, as explained by the Prime Minister, would add one to the representation of Alberta.

Mr. L. A. Mutch (Winnipeg South): Mr. Speaker, when the Prime Minister introduced this motion he pointed out that it dealt with a matter which concerned the individual members of the house, and one which they could deal with in accordance with their own conscience. The hon. member for Rosetown-Biggar (Mr. Coldwell) to the contrary, I can assure you, sir, and through you the house, that the few words that I have to say would have been uttered in about the same language whether or not that declaration had been made. It is written: "Blessed are the meek; for they shall inherit the earth." I think that we in Manitoba have, over a period of years, taken that text a little too literally, and we are finding it out from time to time. This is another example of the truth that it is poor consolation to have title if you cannot get possession.

I am not to be trapped by my own words into opposing a compromise which will secure for western Canada two members which it would otherwise lose, and gain an additional member for the western area through the territories; but at the same time I am not to be understood to believe that the suggested recommendation to the committee goes far enough to satisfy me, or indeed, in my view, to do justice to a part of this country which has made its contribution, and which now in this compromise is left outside.

I think I have been have here long enough to suggest that so far as I am concerned the compromise suggested by this motion—acceptable as it is in part—is subject to criticism on the ground that it departs from what we had accepted as fixed procedure without general application. It is something commendable in itself, but it does not go far enough. In other words, to me it has something of the unbalance of a half measure. As a matter of fact the proposition reminds me a little bit of Jack Horner's pie. Everybody who stands to gain as a result of the present redistribution will find his plum in the pie. There is even one for the territories, and again I say that I concur in that.

British Columbia, Ontario and Quebec are being asked to make no sacrifice. Prince Edward Island, New Brunswick and Newfoundland are entrenched in their present position. Alberta has no interest at the moment except should it develop as a result of the committee being permitted to recommend the 10 per cent regulation rather than

the 15 per cent one. Saskatchewan will stand to gain at least something from this compromise.

If I wanted to be critical of the arguments which have been used in support of this compromise, I think I would base the criticism of the arguments on the fact that whenever this situation arises in redistribution, whether it be within a province itself or whether it be in the dominion as a whole, we are faced with the suggestion that we are bound by some shadowy thing which is called representation by population. Anyone who has been here as long as I have—not many have been here longer—and anyone who has made a study of the history of this country will realize that representation by population never was anything but a political slogan, and has no reality either at the present time or in that plan which is projected for the future.

I do not think that in any method of redistribution it is possible to be absolute in the application of principle, any more than it is possible to be absolute very often in the application of any other principle in our daily endeavours here. There are factors in this suggestion which seriously violate the principle which is basic to the concept of representation by population; factors which make it possible to have a disparity of two or three members, depending upon which of these expediencies is used, in two provinces with less than 60,000 of a difference in population.

Consequently I rose to point out that in so far as I am concerned, having decided to compromise with the present regulations with respect to redistribution, I do not think it is good enough to make a compromise which asks no sacrifice from those who benefit by the redistribution system, and which makes no concession to at least two of the provinces which are asked to make a sacrifice. Therefore I urge that in consideration of this resolution I hope it will be possible for the committee which is to be appointed when the resolution carries—as I suppose it will—to consider not merely the 15 per cent loss proposal but to take into consideration the possibility that if we abandon the present system some consideration may be given to a 10 per cent protection for a province which has made its contribution, as my own province has throughout the years. I hope that we shall not be faced again as we were in 1921, and ten years later, with the fact of under-representation. I have no solution to offer by way of an amendment to the motion; but I do urge that the committee be empowered, in wider terms than they are now given, to consider a 10 per cent loss limit, in order that this compromise, which apparently we have decided is to be effected, shall apply to all of those who would otherwise suffer, in comparison with the other provinces.

Mr. D. S. Harkness (Calgary East): Mr. Speaker, I had not the slightest intention of taking part in the debate. However, a remark of the hon. member for Saskatoon (Mr. Knight) has caused me to say only a word or two.

The hon. member said that under this 10 per cent formula Alberta would gain a seat. So far as I can see, Alberta cannot gain a seat under the 10 per cent, the 15 per cent or any other percentage formula. We have 17 seats now, and on the regular basis of redistribution we shall continue to have 17 seats. So, as we were never going to lose any seats, there is no possibility of our gaining one through any percentage application that may be made.

The hon. member for Winnipeg South (Mr. Mutch), who has just taken his seat, confused me somewhat by his argument. He started out by saying something to the effect that representation by population never did exist, and that therefore it was foolish to talk about it as a principle. Well, I happen to have had a couple of ancestors who suffered considerable hardship fighting for that as a principle. Therefore, for that, as well as for many other reasons, I have a considerable amount of respect for the principle of representation by population.

Mr. Mutch: I did not say the principle was bad; I said it was never applied.

Mr. Harkness: I think that principle should be maintained so far as it is reasonable and practical to maintain it. However where the hon. member for Winnipeg South confused me was when, just after making that statement, he said it should be followed in some respects—I have forgotten in just what respects.

If we are going to tinker with the constitution every time the matter of redistribution comes up—and this seems to be the modern trend, because we did it before in 1946 or 1947 and we are doing it again at this time, only a few years later—then I think our tinkering should be done with as much fairness as possible.

I do not think there is any question about it, that tinkering with this matter can only be fair if, when you desert the strict principle of representation by population, which was done in respect of Prince Edward Island in 1911, you produce a formula which will not put any province with a larger population in a position where it has fewer representatives than has a province with a smaller population. Reference was made to that situation this afternoon by the Prime Minister.

I think that certainly should be a basic principle in any change in the constitution which is made. I have a considerable amount of sympathy with the position taken by members from Saskatchewan, that they should not lose 25 per cent of their representation at one stroke. I have considerable sympathy with their contention that they should not lose more than 10 per cent of their membership in the house at one time. But if this 10 per cent rule is put into effect, or a 15 per cent rule—and, as I say, I think Saskatchewan has some argument in favour of the 10 per cent rule—I think at the same time there should be put into effect a rule whereby this would not operate so that a province with a larger population would have smaller representation than a province with a lesser population.

Just exactly how that could be done, I am not sure. Looking at it roughly, however, I should think all that would be needed would be a provision to that effect, so that we would have a situation wherein, if a province lost 10 per cent of its population and therefore 10 per cent of its representation, and were thus reduced to 20 seats, another province with a larger population but which, under the ordinary rules, would have only 19 seats, should also have 20 seats—or 21, as the case may be.

Inevitably this would increase total representation. We must keep in mind however that the present proposal will cause a certain increase in the representation. My personal view is that it was possibly a mistake to change the base, as was done at the time of the last redistribution. We had had a base in operation since confederation in 1867. There had been some inequalities, unquestionably, chiefly through the operation of the 5 per cent or one-twentieth rule. However, by and large it had worked out reasonably well. Rather than adopt what I would describe as a slick formula in order to satisfy two provinces at the time—in 1946—I believe we would have been much better off if we had retained the old formula and, if necessary, increased the base.

If the base for the province of Quebec had been increased to 75 rather than 65 and then, apart from the maritime concession which had already been made, more or less strict representation by population had been carried out, I do not think anyone would have complained. We would have had something based upon our tradition, since confederation, and something which probably would still be working satisfactorily today.

The only other point I should like to make is that when the distribution of constituencies within the provinces takes place I would hope that on this occasion a more strict regard would be had to representation by population than there was at the time of the last redistribution, so that we would not have a situation such as that described by several hon. members today wherein on the one hand there are constituencies with only eight or nine thousand people and on the other constituencies with as many as 160,000.

It seems to me that so long as we have a situation of that kind we are only giving lip service to the principle of representation by population. From the practical point of view, we are setting it at nought and placing some people in a situation where their votes are eight or nine or ten or fifteen times as good as the votes of people in other constituencies. That situation is not good enough. Surely the worst we should have would be a situation whereby the vote of a man in one constituency would be only half as good as that of a man in another. In other words my suggestion is that we should reach a position where discrepancies between constituencies should not in any case be greater than two to one.

Mr. J. A. MacLean (Queens): Mr. Speaker, it was not my intention to speak in this debate. However, since I come from a province protected by a special clause in the British North America Act perhaps I may be forgiven if I make a few observations at this time.

It seems to me that when the question of representation is being discussed hon. members seem to feel that parliamentary representation consists only of representation by population. I am afraid I must disagree with the hon. member for Calgary East (Mr. Harkness) to a certain extent, because it is my view that, in addition to representation of individuals, there is the matter of representation of areas and political units. There is also the matter of representation of natural resources.

These are principles recognized in practically every parliamentary assembly in the world. Indeed, there is a certain nodding admission of this fact as it applies to representation in this House of Commons, although it would appear that in Canada we do not seem to have any regularly systematized method of dealing with the problem.

First there is the matter of representation of isolated areas. It is recognized that if an area is isolated and cut off, even though its population may be small, it would be impossible for one man to represent it properly if it is almost impossible for him to travel from one part of his constituency to another. Therefore in such cases it is thought advisable to give these isolated areas a representative of their own. In Canada the Magdalen islands are a perfect example of that very thing.

Then there is the question of the proper representation of specialized areas where there may be a minority of a particular racial extraction or even a particular religious belief, or other fairly small groups having some special interest. Their point of view can be exterminated and brought to nought by combining them with another group holding contrary opinions. Therefore in actual fact they are not represented. In many countries that condition is recognized and these minorities are given their own representation in parliament even though they are not numerous enough to make up a unit of representation.

Another most important thing to be considered is the representation of large, sparsely populated areas which, although they have small populations, are of great importance. The suggestion that the constituency of Yukon-Mackenzie River should be given two members instead of one is a practical example of the carrying out of that principle although there again there is no recognized system whereby such a principle will be followed from time to time so that on all occasions after every census the same results will be gained from a fixed formula.

There also falls in that category a principle recognized in most countries, namely, that rural areas are entitled to more representatives on a population basis than urban areas. It is interesting to realize that in this country that principle has been recognized in the past. During the redistribution of 1892, when the government of that day proposed that the representation of Montreal should be increased from three to five, Sir Wilfrid Laurier took great exception to that suggestion although even the increased representation would leave Montreal with much larger units of population per constituency than was the case in the rest of Canada. On that occasion Sir Wilfrid Laurier said:

> I am not prepared to admit for my part that Montreal is at all entitled to increased representation. It is admitted generally, it is admitted specifically in this bill, that there is to be a difference between the representation of urban populations... and rural populations. That object is obvious. Urban populations are represented generally to a greater degree than are rural populations, because urban populations generally furnish to rural populations many of their members . . . Montreal is represented in this house by no less than thirteen of its citizens.

That is a principle that should be recognized. New Zealand and Australia have a systematic way of recognizing it. In those countries the population of rural areas is increased by a certain percentage to arrive at the unit of representation for such areas. In New Zealand the population of a rural area is increased by 20 per cent to give a fictitious higher population than it actually has before dividing the unit of representation into the population of the rural area to arrive at the number of its representatives. It is also generally recognized that it is much easier for a member of parliament or of any other legislative body to represent a small compact area than it is for him to represent a large sparsely populated region. Therefore in the thinly populated agricultural areas, where most people are land owners and have a real and fundamental stake in that part of the country, the unit of representation should be smaller.

Before New Zealand and Australia adopted the principle of having a smaller unit of representation for rural areas a great deal of debate was provoked in the parliaments of those countries. It was even suggested by one member of the New Zealand parliament that perhaps they should arrive at a principle of representing sheep in parliament rather than men because then they could have a fixed unit of representation which would be more suitable in its application than the representation of human beings. Someone suggested that perhaps men should represent sheep but there was no suggestion on that occasion that sheep should represent men in their parliament.

I think that the most important principle we must recognize in dealing with representation is that of the representation of political units. Almost every country in the world including Canada, although sometimes we do not want to admit it, recognizes that principle. In the British House of Commons the unit of representation for both Scotland and Wales is smaller than the unit of representation for England. They have a greater number of members than they would on a straight representation by population basis because it is felt they have certain local interests which might be discriminated against by the overwhelming weight of representation in the British House of Commons from England.

In the United States the representation of the states in congress is protected. Each state elects two senators and also sends a number of members to the house of representatives, that number depending on their population. But if the population of the state is smaller than the unit of representation it still sends at least one member. The population of New York state is many times greater than the population of Nevada. Yet they each send two elected senators to congress. As a matter of fact the population of Nevada is practically the same as that of Prince Edward Island. If the question were decided on a straight representation by population basis Nevada would be entitled to a fraction of one representative. In other words, it would be a small fraction of one constituency. In actual fact Nevada sends a member to the

house of representatives and two members to the Senate although its population is roughly the same as that of Prince Edward Island. Therefore it has a much greater relative voice in the congress of the United States than Prince Edward Island has in the parliament of Canada.

In Canada on many occasions we have recognized that principle in a sort of way, and the very system of representing provinces in parliament is proof of that point. After all, if the size of Canadian constituencies was arrived at purely on a population basis there would be no justification for making the boundaries of constituencies coincide with provincial boundaries. If you had a fraction of a constituency left over in one province there would be no reason why you could not tack it on to a constituency in the next province, but we recognize that we should not have constituencies partly in one province and partly in another. There are provincial interests to be represented in this parliament.

Then, too, on occasion special concessions have been given to certain political areas. British Columbia and Manitoba were given representation in this parliament much greater than that to which they were entitled by reason of population when they joined confederation. As a matter of fact British Columbia was given six members in the house when on a population basis it was entitled to something less than one. Moreover there was a clause in the agreement under which they joined confederation which made it impossible for the representation of British Columbia in this house to ever fall below six.

On the other hand when Prince Edward Island joined confederation it was given only one more member than its population required. It was given six instead of five, and it was not very long before that extra member was taken away. Many of the people in the province in which I live were under the impression that on joining confederation their representation was protected, and that it would never fall below the number at which it stood when Prince Edward Island came into confederation.

The same was true of Manitoba. It was given a representation of four though on the basis of population it was entitled to only one or at the most two. It was protected in its representation for a period of time, but British Columbia's protection is permanent. Therefore I see no reason why any thought should be given, if anyone has done so, to unnecessarily cutting the representation of any province in this house. I think we are quite justified in making special exceptions in certain cases to assure that particular political areas will be properly represented here, and that their area interests also will be protected.

That is all I have to say at this moment, Mr. Speaker, except that I would support most heartily not only the proposal to add another member for Yukon-Mackenzie, but also the suggestion that the representation from any province should never be reduced by more than 10 per cent at any one time.

Motion (Mr. St. Laurent) agreed to.

APPOINTMENT OF COMMITTEE

Right Hon. L. S. St. Laurent (Prime Minister): If it were the pleasure of the house to revert to motions, the whips of the various groups have prepared a list of members to make up this committee, and if it were the pleasure of the house to have this done at once I would move that these gentlemen constitute the special committee.

Some hon. Members: Agreed.

Mr. St. Laurent: Then I move:

That the following members comprise the special committee on redistribution: Messrs. Argue, Balcer, Blair, Boucher, Brooks, Decore, Denis, Dewar, Diefenbaker, Fair, Fleming, Fulton, Gauthier (Sudbury), Gauthier (Portneuf), Harkness, Harris (Grey-Bruce), Kirk (Antigonish-Guysborough), Knowles, Laing, MacDougall, MacNaught, McCubbin, McIlraith, McWilliam, Murphy, Murray (Cariboo), Nowlan, Picard, Robinson, Ross (Souris), Shaw, Viau, Welbourn, Whiteside, Whitman, Winkler, Wright.

Motion agreed to.

PRIVATE BILLS

MARGARET ELIZABETH STRANGE COLTON

Mr. H. W. Winkler (Lisgar) moved the second reading of Bill No. 37, for the relief of Margaret Elizabeth Strange Colton.

Mr. Speaker: I notice a number of divorce bills on the order paper. Is the house prepared to deal with these bills in one motion?

Mr. Stanley Knowles (Winnipeg North Centre): I would point out that of the 77 divorce bills posted for second reading, the evidence in connection with 60 has been placed in our hands, leaving 17 in connection with which the evidence though it may have been delivered to this house in typewritten form has not been printed or distributed. I believe the hon. member for Lisgar is prepared to let those 17 stand, and if so I would have no objection to second reading being given the other bills.

Mr. Winkler: Before I ask to have those bills stand I would like to draw the attention of members of this house to this pile of evidence concerning the 17 bills in question

that have been considered by the divorce committee in the other place and sent to this house. I would earnestly ask those who object to waiting for the distribution of the printed evidence to consult this typewritten evidence in the meantime. It is available on application to the Clerk of the House, who will give hon. members access to it or, if they so desire, custody of it. I am anxious to see these bills get before our committee on miscellaneous private bills rather than have the affair drag on for a considerable time, as it well may since the printing appears to be slow. These 17 are scattered through the list but I believe if hon. members would co-operate and consult this evidence which has not yet been distributed, we would get along very much faster. However, if I have unanimous consent I would ask that the 17 bills to which reference has been made be allowed to stand.

Some hon. Members: Agreed.

Motion agreed to and bill read the second time.

SECOND READINGS—SENATE BILLS

Bill No. 38, for the relief of Irene Britton Lynn.—Mr. Winkler.

Bill No. 10, for the relief of Shirley Doreen Rowe.—Mr. Winkler.

Bill No. 42, for the relief of Pauline Augusta McCaskill Foulis.—Mr. Winkler.

Bill No. 43, for the relief of Hilda Avrith Grossman.—Mr. Winkler.

Bill No. 44, for the relief of Sarah Grossman Grotsky.—Mr. Winkler.

Bill No. 48, for the relief of Eva Ena Guenard Brassard.—Mr. Winkler.

Bill No. 53, for the relief of Helen Myrtle Woods Poullos.—Mr. Winkler.

Bill No. 55, for the relief of Peter Nicol Crowe.—Mr. Winkler.

Bill No. 56, for the relief of Fred Jenne Fyles.—Mr. Winkler.

Bill No. 66, for the relief of Olga Pretula McGonnigal.—Mr. Winkler.

Bill No. 71, for the relief of Vivian Clement Mole.—Mr. Winkler.

Bill No. 73, for the relief of Frederick Ernest Marlow.—Mr. Winkler.

Bill No. 77, for the relief of Audrey Jessie Elizabeth Kinnear Park.—Mr. Winkler.

Bill No. 80, for the relief of Jean Frew Hawkins.—Mr. Winkler.

Bill No. 81, for the relief of Lucy Elliott Dolan.—Mr. Winkler.

Bill No. 85, for the relief of George Louis Draper.—Mr. Winkler.

Bill No. 87, for the relief of Ruth Evelyn Seivewright Day.—Mr. Winkler.

Bill No. 89, for the relief of George Edward Gumbley.—Mr. Winkler.

Bill No. 98, for the relief of Eileen Roberta Lynn Walker.—Mr. Croll.

Bill No. 99, for the relief of Claire Greenberg Ghilcig.—Mr. Croll.

Bill No. 101, for the relief of Eva Lubin Greenfield.—Mr. Croll.

Bill No. 106, for the relief of Marie Dora Adrienne Menard Chartrand.—Mr. Croll.

Bill No. 107, for the relief of Bridget Chiasson Musseau.—Mr. Croll.

Bill No. 110, for the relief of Joseph Lionel Bibeau.—Mr. Croll.

Bill No. 112, for the relief of Mary Finkelstein Fogel.—Mr. Weir.

Bill No. 116, for the relief of Jean (Janek) Mazur.—Mr. Weir.

Bill No. 125, for the relief of Madeleine Therrien Ferron.—Mr. Winkler.

Bill No. 126, for the relief of Catherine Victoria Howie Burnett Worthington.—Mr. Winkler.

Bill No. 127, for the relief of Hazel Rawlings Passnick.—Mr. Winkler.

Bill No. 128, for the relief of Douglas Paul Wilbur.—Mr. Winkler.

Bill No. 129, for the relief of Arnold Ernest Kirby.—Mr. Winkler.

Bill No. 130, for the relief of Annie Shaw Young Goudie Corcoran.—Mr. Winkler.

Bill No. 136, for the relief of Mabel (Karianoron) Stacey Delorimier.—Mr. Winkler.

Bill No. 141, for the relief of Gordon Eugene White.—Mr. Winkler.

Bill No. 142, for the relief of Silas Maxwell Barrow.—Mr. Winkler.

Bill No. 145, for the relief of Nathalie Olga Marianne Pervouchine Petrik.—Mr. Weir.

Bill No. 146, for the relief of Lily Stall Wax.—Mr. Weir.

Bill No. 147, for the relief of Charles William Silver.—Mr. Weir.

Bill No. 149, for the relief of Jochwet Freiberg Rosenstein.—Mr. Weir.

Bill No. 150, for the relief of Mabel Elizabeth Jones McKay.—Mr. Winkler.

Bill No. 152, for the relief of Olive Winifred Thistle Gour.—Mr. Winkler.

Bill No. 157, for the relief of Kenneth Oliver Frawley.—Mr. Winkler.

Bill No. 158, for the relief of Carol Almina Perry Alleyn.—Mr. Winkler.

Bill No. 159, for the relief of Gertrude Mintz Dankoff.—Mr. Winkler.

Bill No. 160, for the relief of Edna Pearl Tait Ames.—Mr. Winkler.

Bill No. 161, for the relief of William Payne.—Mr. Winkler.

Bill No. 163, for the relief of Dorothy Lillian Robinson Kay.—Mr. Winkler.

Bill No. 164, for the relief of Emily Eileen Withall Rediker.—Mr. Winkler.

Bill No. 165, for the relief of Joseph Charles Gerard Jean Leduc.—Mr. Winkler.

Bill No. 166, for the relief of Hilda Miriam Magee Taylor.—Mr. Winkler.

Bill No. 167, for the relief of Laurent Langlois.—Mr. Winkler.

Bill No. 168, for the relief of Dorothy Lucille Girard Ward.—Mr. Winkler.

Bill No. 169, for the relief of Alfred Machabee.—Mr. Winkler.

Bill No. 170, for the relief of Fanny Iancovici Weissenberg.—Mr. Winkler.

Bill No. 171, for the relief of Marilyn Apple Bogoroch.—Mr. Winkler.

Bill No. 31, for the relief of Edna Gibson Smith Schiller.—Mr. Winkler.

Bill No. 175, for the relief Helen Semegen Boodanoff.—Mr. Winkler.

Bill No. 176, for the relief of Mary Ann Munro Kelly.—Mr. Winkler.

Bill No. 178, for the relief of Joan Alexander Jacobs Epstein.—Mr. Winkler.

QUESTIONS

INCOME TAX—DEDUCTION OF CERTAIN EXPENSES

Mr. Knowles:

1. Has the government been advised of a decision of the Exchequer Court of Canada to the effect that the expenses of lawyers attending conventions of the bar association are to be allowed as deductions for income tax purposes?

2. If so, what was the date of such decision, and by whom was it given?

3. Has the government taken any steps to amend the Income Tax Act in respect of the matter noted above?

4. Has the government received any requests from trade unions that a similar deductibility be allowed in connection with the expenses of trade union delegates attending trade union conventions?

5. Has the government taken any steps to amend the Income Tax Act to put trade unionists and other similar groups into whatever position obtains for lawyers with respect to the deductibility of convention expenses for income tax purposes?

6. If not, is consideration being given by the government to such an amendment?

Mr. Sinclair:

1. No. It is aware, however, of a decision of the income tax appeal board on this subject. In the case of H. F. Parkinson *v.* Minister of National Revenue, an appeal was allowed against a previous disallowance by the minister of a claim for deduction from the appellant's personal income of expenses incurred and paid personally by him in attending a convention of the Canadian Bar Association. The minister disallowed the deduction as the appellant had personally paid the expenses and sought to deduct them from his income in reporting his personal income rather than as an expense against the partnership. It was held that there was no reason to differentiate between the procedure of deduction adopted by the appellant and that of deduction in the accounts of the partnership.

[Mr. Winkler.]

2. August 30, 1951. Mr. W. S. Fisher, Q.C., member of the board.

3. No.

4. Yes.

5. No. Lawyers on salary are in exactly the same position as trade unionists and others working for salary or wages with respect to the deductibility of expenses for income tax purposes.

6. It is not the practice to disclose government policy in giving answers to questions in the house.

PHYSICAL FITNESS ACT—EMPLOYEES

Mr. Thatcher:

1. How many employees are there across Canada employed under the National Physical Fitness Act?

2. What are the duties of each?

3. What specific work are these employees presently engaged at?

Mr. McCusker:

1. The 1952-53 estimates (see page 346) provide for eleven employees whose duties relate to the administration of the National Physical Fitness Act. Of these eleven positions three were actually vacant during the month of April, 1952.

The eight provinces with whom agreements are in effect under the National Physical Fitness Act, employ their own staff in carrying out the physical fitness program within their respective provinces.

2 and 3. The duties of the eleven employees referred to in (1) above are listed in the 1952-53 estimates as follows:

1 national director (vacant); 1 administrative officer grade 3 (assistant director); 1 technical officer grade 3; 1 reference assistant (vacant); 1 principal clerk; 1 stenographer grade 3; 1 stenographer grade 2A (vacant); 1 stenographer grade 1; 1 clerk grade 2A; 2 typists grade 2A.

The assistant director is responsible for the general operation of the division of physical fitness and serves in addition as executive secretary of the national council on physical fitness. The technical officer grade 3 is a specialist in the field of recreational drama who serves in a consultant capacity to the provinces in this specialized recreational field. The other staff members of the division carry the usual office clerical and stenographic duties.

ANIMAL CONTAGIOUS DISEASES—BURNS PLANT

Mr. Argue:

1. How many of the fifty-two head of cattle shipped out of the Burns plant during December have been examined by veterinarians for symptoms of foot-and-mouth disease?

2. What were the results of each test?

3. How many of the fifty-two head were shipped to points (a) within the quarantine area; (b) within the buffer area; (c) outside the buffer area?

4. How many of the fifty-two head have been destroyed?

Mr. McCubbin:

1. 52.

2. 9 consigned for immediate slaughter, 3 sold into contact or infected herds destroyed with the herds, 40 kept under constant observation and found healthy.

3. (a) 32; (b) 20; (c) nil.

4. See answer to No. 2.

OTACO LIMITED—DEFENCE CONTRACTS

Mr. Stewart (Winnipeg North):

1. Has there been any renegotiation of defence contracts or sub-contracts by or on behalf of the government of Canada with Otaco Limited, on (a) contracts or sub-contracts let prior to January 1, 1946; (b) contracts or sub-contracts let subsequent to January 1, 1946?

2. If so, what is the total value of contracts or sub-contracts, subject to renegotiation in each period?

3. What is the total amount of refunds, if any, assessed against Otaco Limited in connection with renegotiations in each period?

4. What is the total amount of indebtedness, if any, still outstanding against this company, arising out of these renegotiations?

Mr. Dickey:

1. (a) Yes; (b) No.

2. (a) $8,204,191.82 for the period 1941-45 inclusive; (b) Nil.

3. (a) $1,216,851.10; (b) Nil.

4. $105,780.78.

OLD AGE SECURITY AND OLD AGE ASSISTANCE ACTS

Mr. Laing:

1. In the month of February, 1952, how many British Columbia residents were registered under (a) the Old Age Security Act; (b) the Old Age Assistance Act?

2. What was the total sum paid under the Old Age Security Act for February, 1952?

3. What was the federal contribution towards the sum paid under the Old Age Assistance Act for the same month?

Mr. McCusker:

1. (a) 71,356; (b) 3,899.

2. British Columbia - $2,853,960.

3. British Columbia - $92,654.01. This amount includes payment for the month of January as well as February in certain cases.

TRANS-CANADA HIGHWAY—NEWFOUNDLAND

Mr. Higgins:

1. What is the presently completed mileage of the trans-Canada highway in Newfoundland?

2. What was the cost per mile?

3. How many more miles have to be completed?

4. What is the total estimated cost of the highway in Newfoundland?

5. What is the estimated date of its completion?

6. Is the completed highway in Newfoundland to be of the same standard as that of the other provinces?

7. If not, what will be the difference in the standard?

Mr. Winters:

1. No mileage has been fully completed.

2. See answer to No. 1. Records of cost of completed construction are therefore not available.

3. See answer to No. 1.

4. $36,600,000.00.

5. Terms of the Trans-Canada Highway Act apply for the period ending December 9, 1956.

6. The government of Newfoundland signed the same agreement as the other seven signing provincial governments. The agreement provides for variations in specifications to meet local conditions but in general the same standards apply for all provinces.

7. See answer to No. 6 above.

FUNDY NATIONAL PARK—BENCHES

Mr. Brooks:

1. How many park benches have been made for Fundy national park, New Brunswick?

2. By whom were they made, and what was the price paid?

Mr. Winters:

1. Twenty-five half log stake back rustic benches.

2. Built by park labour—cost $4.50 each.

BAIT DEPOTS IN NEWFOUNDLAND

Mr. Browne (St. John's West):

1. How many bait depots have been established by the federal government in Newfoundland during the past fiscal year?

2. Where are they located, and what was the cost of erection?

3. How many bait depots are now in Newfoundland under the control of the federal government, and where are they located?

Mr. MacNaught:

1. 1.

2. Port aux Choix. To be completed in 1952. Cost to March 31, 1952, $23,287.84.

3. 21—Port aux Basques, Rose Blanche, Rencontre West, Hermitage, Rencontre East, Grand Bank, Lamaline, Oderin, Merasheen, Long Harbour, St. Mary's, Ferryland, Bonavista, Greenspond, Joe Batt's Arm, Change Islands, Twillingate, Nipper's harbour, Conche, Quirpon, Port aux Choix.

Questions

GRANTS TO UNIVERSITIES—NOVA SCOTIA

Mr. Balcom:

1. Have federal grants been given to the universities of Nova Scotia, as recommended by the Massey commission?

2. If so, to what universities, and what amount to each?

Mr. Sinclair:

1. Yes.

2.

St. Francis Xavier university, Antigonish	$ 70,000.37
College Sainte-Anne, Church Point	$ 5,075.75
Dalhousie university, Halifax	$117,866.62
University of King's College, Halifax	$ 10,247.87
Maritime School of Social Work, Halifax	$ 2,602.13
Mount Saint Vincent college, Halifax	$ 17,668.75
Nova Scotia technical college, Halifax	$ 23,676.12
Pine Hill Divinity Hall, Halifax	$ 3,051.88
Sacred Heart convent, Halifax	$ 1,188.63
St. Mary's college, Halifax	$ 16,351.63
Nova Scotia agricultural college, Truro	$ 3,341.00
Acadia university, Wolfville	$ 42,148.00
Holy Heart seminary, Halifax	$ 8,031.25

NATIONAL FILM BOARD—DISTRIBUTION OF FILMS

Mr. Macnaughton:

1. Does the national film board distribute films other than those produced by itself?

2. If so, does it distribute films produced by (a) private agencies; (b) provincial governments; (c) governments of other countries; (d) agencies of international co-operation, such as the United Nations and the European co-operation administration?

3. How many such films has the board in distribution at present?

Mr. Winters:

1. Yes.

2. (a) Yes; (b) Yes; (c) Yes; (d) Yes.

3.

	Number of Subjects	Number of Prints
(a)	86	796
(b)	39	293
(c)	108	1,414
(d)	46	957

MARSHLAND REHABILITATION—PRINCE EDWARD ISLAND

Mr. MacLean (Queens):

1. What projects are being carried on in Prince Edward Island under the Maritime Marshland Rehabilitation Act?

2. How much has been spent on each project to date?

[Mr. MacNaught.]

Mr. McCubbin:

1. Johnston river project—completed.

2. $19,294.

TRANS-CANADA HIGHWAY

Mr. Johnston:

1. What will be the total number of miles of the trans-Canada highway for Ontario when it is completed?

2. How much of this has been reconditioned and meets all federal standards for the trans-Canada highway?

3. How much of this is new construction and meets all federal standards for the trans-Canada highway?

4. How much of this is new construction and meets all federal standards except the hard-surfacing?

5. How much of this remains yet to be constructed?

6. How long will it take to complete the Ontario section of the trans-Canada highway at the present rate of construction?

Mr. Winters:

1. 1,214 miles, subject to future revisions in alignment.

2. No mileage has been wholly completed.

3. See answer to No. 2 above.

4. See answer to No. 2 above.

5. See answer to No. 1 above.

6. Terms of the Trans-Canada Highway Act apply for the period ending December 9, 1956.

QUESTIONS PASSED AS ORDERS FOR RETURNS

NEWFOUNDLAND—REVENUE FROM VARIOUS TAXES

Mr. Browne (St. John's West):

1. What amount of (a) income tax; (b) corporation tax, has been collected in Newfoundland for the fiscal year ending March 31, 1952?

2. What taxes have been collected in (a) liquor; (b) tobacco, in Newfoundland for the fiscal year ending March 31, 1952?

EXPORT OF SALT CODFISH FROM NEWFOUNDLAND

Mr. Browne (St. John's West):

1. What have been the quantities of salt codfish exported from ports in Newfoundland month by month since September 1, 1951?

2. To what markets have they been exported, and what have been the average prices received for shipments to the various countries?

Mr. McIlraith: Return tabled.

MOTION FOR PAPERS

RED DEER RIVER PROJECT

Mr. Quelch:

For a copy of the final reports by P.F.R.A. officials to the federal government on the Red Deer river project.

Mr. Gardiner: Mr. Speaker, I am not absolutely certain that there is what is generally called a final report, but whatever reports there are will be brought down.

Motion agreed to.

CANADA

SUGGESTED CHANGE TO KINGDOM OF CANADA

Mr. A. Phileas Cote (Matapedia-Matane) moved:

That, in the opinion of this house, the government should give consideration to the advisability of taking the necessary steps so that this country be called the Kingdom of Canada.

He said: This resolution will not receive unanimous consent, and I was not prepared to argue it tonight because I never thought it would be reached. I shall try to convince my hon. friends on the other side of the fence that, according to tradition, they should be the first to say "Aye, aye." The introduction of this motion is a mere gesture by a minority in this country. The descendant of a great Frenchman once said that those who would be the first and last to fight to defend the British crown would be French Canadians from Quebec. Since our beloved Queen and the British government saw fit, at the time of the proclamation of Her Majesty's accession to the throne, to use the word "realm" in that proclamation, I thought this motion would be in order. Our proclamation was one day ahead of that of the British government, and obviously that is the reason our proclamation did not contain the same terms.

If one looks at a dictionary one finds that the word "realm" can be translated into French by the word "souveraineté". When you translate "souveraineté" into English it is "kingdom". One can see that I have, therefore, not invented anything. I do not intend to impose any invention upon my colleagues. I thought, as a member of a minority group represented in this house, that it would be a nice gesture if we in this country, having the same Queen as Great Britain but on the understanding that she is the Queen of Canada, were to step into line with the desire expressed in the proclamation. I thought also that I would please my hon. friends on the other side of the gate, because I thought they knew enough of history to realize that one of their greatest leaders, Sir John Macdonald, also desired this country be called the kingdom of Canada. One has to remember, and this is no secret, that when confederation was being discussed at Quebec and Charlottetown Sir John Macdonald thought this country should be called the kingdom of Canada. For many reasons beyond his control, it was not. I thought the Tories would grab this occasion to give to their former leader, the greatest leader they ever had not counting the one who is with us today, something that he wanted. They could line up with us and please Sir John.

Mr. Harkness: Did Sir John's ghost appear to you to instil this idea into you?

Mr. Cote (Matapedia-Matane): Did you call Sir John a ghost? We have a St. Jean, but it is St. Jean Baptiste.

Now, some members will say, "Why bring that up at this particular time when we have so many problems with which to deal which are of such great importance and magnitude? I will tell you, sir, why I brought this matter up, in addition to the reasons I have already mentioned. Looking at what is taking place in many more important assemblies, looking at all the big problems that have been dealt with with regard to conditions throughout the world, it seems to me, at least, that in many a country today if they consider trade plans, imports and exports, armaments, defence or anything which is tangible, there are some people who have thought maybe it would not be so bad a thing after all if we would pay some attention to something in some other direction; and that something in another direction is education of the masses of the people. I refer to education not only in terms of having people able to read or to write but national education or national comprehension in so far as national education is concerned with regard to this particular matter.

May I suggest, sir, that in the minds of the immigrants that come into this country there is a great deal of confusion, to say the least, with regard to our status. They do not know whether we are still a summer kitchen to Great Britain or to another country. Some of these people are so confused that they believe we are only a transit swing board, and therefore they wait either on the railway platform or on the pier to go to the United States. How about the next generation of these people? Even if they stay here, are they going to be in a position to teach their children that this is a country by itself; that even if we are, in the matter of trade, the third country in the world, we are adult and not merely a branch of another country, either of the United States or of Great Britain. It is no secret to anybody that since 1931, after the discussion of 1927 with regard to the Statute of Westminster, we established ourselves not only as the third largest country in the world with regard to trade but also as a sovereign country. What is the reason, fundamentally speaking, emotionally as well as mentally, that is preventing us from establishing ourselves in the eyes of the world as being what we are? Are we ashamed of ourselves? We should do this even if only to satisfy the wish of the government of Great Britain to which we gave

so much trouble during the last war by the confusion that was created throughout the world—with the air force, for instance, going to the four winds of the world and creating that confusion—so that people did not know that there was such a country as Canada.

I have a hunch it is a secret to our government that when the proclamation was issued it was not made by the government of Great Britain without an afterthought that would indicate to Canada that it was about time that we ourselves should do something in that direction. There may be another reason why Great Britain would like us to do that. In our international relations nowadays we have to define not only to the people within Canada—whether the old loyalists or the young loyalists—but to the outside people either in NATO or elsewhere—and I would even go a step further and say within the iron curtain—that we stand on our own feet, and everybody ought to know it.

I still remember vividly the experience of one of my friends in the press gallery who was at the time representing a London newspaper and who went to central Europe. At the meeting there he was asked what was our national anthem and what was our flag. He said that we had none. This gentleman, coming from England, was the most embarrassed man in the world. That means to say that we are creating more embarrassment to the British than maybe to ourselves. I therefore say that I would quash the idea that it is a sort of thing to satisfy our selfishness but is in keeping with the desire, as I understand it, of our beloved Queen and of the British government. As far as our government is concerned, I hope the membership of this house will express to our government the desire that something be done in that direction. As I said before, it is obvious that we need something of the sort in order to establish a Canadian identity, a unique front towards a unique end and also to promote Canada not only through shipments, trade and commerce, and so forth, but also to promote Canada as a nation which can be easily identified. Many people throughout the world are nowadays bewildered to see that the third nation of the world has not yet found an opportunity to establish itself without any confusion amongst the nations of the world. This occasion has been given to us by the highest authority, by our Queen and the British government, not by the member for Matapedia-Matane. I hope the house will indicate, by passing this resolution, that our government should take these steps.

Immigrants come into this country from several countries on the continent that do not know us at all. We have only to go to the United Nations to find that out. I think the best identification we can give to the nations of the world is to establish what we are once and for all, which will eliminate a great deal of resentment even among our good friends to the south.

In my opinion there is one thing that should be borne in mind. Up to the present time we have never been able to get accepted in the Pan-American union. Why? Because the Americans think that it would mean the destruction of the Monroe doctrine. They thought that we were an annex of Great Britain. Therefore they said that Great Britain should not have a foot in that door. If that change could be brought about I believe we would be welcomed at the Pan-American union, and that is most important.

How is it that we are accepted in NATO but we are not accepted by the nations of our own continent? Who can understand that in Europe? Who can understand it in Asia? I am sure that we shall soon be invited to form on the Pacific what we have formed on the Atlantic. If we do that these people will say: How is it that you are welcomed outside your own house but you cannot find a seat in the living room thereof?

There is another thing, and with this I will conclude. It is necessary for us to create a nation here as they have done in the United States. Let us call it a potpourri, a melting pot, or whatever you wish. When you meet a young boy in the United States, or an immigrant who has been there for only six months, he never says to you that he is a Czechoslovakian or a Pole; he says: I am an American. Well, let us see to it that everybody in this country calls himself a Canadian. The only way in which we can create such a spirit and a national consciousness is first of all to establish a definition of our own character, of what we are. The second thing is to try by all ways and means, as they have done in the United States and elsewhere, to create a spiritual aim for Canadians all. I remember that in 1946 I warned this parliament that if we did not have the courage to face the problem of having a Canadian flag, Quebec would soon have one. Look at what is happening in Quebec. Are we going to balkanize Canada, or are we going to unite this country and make it bigger and better, because we have more resources and more advantages than even the United States have today? Therefore I say we ought to do something toward creating that Canadian spirit. We have to take the ways and means, and this is one step in the right direction.

Mr. Fraser: In the wrong direction.

Mr. Cote (Matapedia-Matane): This is our greatest opportunity.

Mr. Deputy Speaker: Shall I put the question? Those in favour of the motion will please say yea.

Some hon. Members: Yea.

Mr. Deputy Speaker: Those opposed to the motion will please say nay.

Some hon. Members: Nay.

Mr. Deputy Speaker: In my opinion the nays have it. I declare the motion lost.

Motion (Mr. Cote, Matapedia-Matane) negatived.

EDUCATION

EQUALIZATION OF OPPORTUNITY— ASSISTANCE TO PROVINCES

The house resumed, from Thursday, March 20, consideration of the motion of Mr. Knight:

That, in the opinion of this house, the government should take into consideration means of expanding and equalizing educational opportunity across Canada, by the granting of financial assistance to the various provinces for that purpose.

Mr. R. R. Knight (Saskatoon): Mr. Speaker, I am particularly fortunate in being able to close this debate—I understand that under the rules of the house that is my privilege. I shall not delay the house very long, since I am anxious that the matter come to a vote.

Mr. Deputy Speaker: Order. I must inform the house that if the hon. member speaks now he will close the debate.

Mr. Knight: That, Mr. Speaker, is exactly what I am doing. I have already spoken at some length on this measure, and on various occasions. One of the ambitions which I have constantly had was to bring the matter to a vote in this house. We were fortunate in being able to do that on one occasion, and I am glad that we are fortunate again in being able to do the same thing.

I shall not take more than a minute longer, except to explain the object of this motion and to give a statement on one or two points. First, it is my idea that every child in Canada should have, in education, equality of opportunity with every other child. I am told of course that that is purely a provincial matter, and that education is purely a provincial matter. Some of my Saskatchewan friends often say to me: Why do you not get your own provincial government to give some assistance to education? Sir, I welcome assistance from our own provincial government. I have pressed the question of assistance upon them continually. I am glad that in the last day or two they have announced that they are going to give a million and a half dollars, or thereabouts, extra this year for education from some tax revenue that they have abolished for next year. In the meantime the proceeds are going to go to education. I am happy that that assistance is given to education by the province; but to me this is a national thing. This is wider in its scope than purely a provincial matter.

I am anxious that the children in every province shall have an equal opportunity of education with the children in every other province. Let me emphasize once more that we who believe in this motion have no idea whatever of imposing on any province in Canada any interference whatever with either the curriculum or the administration of education within any province. One can say that education is a provincial matter; but I should like to point out that the products of education in the various provinces are the concern of this nation. I have said before that when they go outside this country, or travel here or there within the country, they are not considered as provincial—although some speeches one hears in the house lead one to believe that that is so.

As I said before, they are considered as Canadians, whether they are born and educated in Quebec, British Columbia, Saskatchewan or Ontario. That is all I wish to say in the matter tonight.

The house divided on the motion (Mr. Knight) which was negatived on the following division:

YEAS

Messrs:

Argue	Hodgson
Blair	Johnston
Bryce	Jones
Casselman	Knight
Catherwood	Knowles
Drew	Lennard
Fair	Low
Fairclough, Mrs.	MacLean (Queens)
Fraser	Noseworthy
Harkness	Quelch
Hees	Ross (Souris)—23.
Herridge	

NAYS

Messrs:

Applewhaite	Cavers
Arsenault	Chevrier
Bater	Cleaver
Beaudoin	Cote (Verdun-La Salle)
Benidickson	Cournoyer
Blanchette	Crestohl
Blue	Decore
Bonnier	Dewar
Boucher	Dickey
Bradette	Dumas
Bradley	Dupuis
Brisson	Fournier (Hull)
Brown (Essex West)	Fulford
Campney	Garson
Carroll	Gauthier (Lake St. John)

Divorce Jurisdiction

Gauthier (Lapointe)	MacDougall
Gauthier (Portneuf)	MacKenzie
Gingras	MacLean (Cape Breton North and Victoria)
Gour (Russell)	MacNaught
Gourd (Chapleau)	McCann
Gregg	McCulloch
Harris (Grey-Bruce)	McCusker
Healy	Major
Hellyer	Masse
Helme	Monette
Henderson	Murray (Oxford)
Hosking	Mutch
Huffman	Prudham
Jeffery	Richard (St. Maurice-Lafleche)
Jutras	Rousseau
Kirk (Antigonish-Guysborough)	Sinclair
Kirk (Digby-Yarmouth)	Stick
Lafontaine	Tremblay
Langlois (Gaspe)	Viau
Lapointe	Weir
Leduc	Welbourn
Leger	Whitman
Lesage	Winkler
Macdonald (Edmonton East)	Winters—78.

DIVORCE JURISDICTION ACT

EXCHEQUER COURT TO HAVE JURISDICTION IN ACTIONS ORIGINATING IN QUEBEC AND NEWFOUNDLAND

Mr. Stanley Knowles (Winnipeg North Centre) moved the second reading of Bill No. 4, to provide for the jurisdiction of the Exchequer Court of Canada in matters of divorce.

He said: Mr. Speaker, I rise to speak once again in support of this bill which would give to the Exchequer Court of Canada jurisdiction in matters of divorce with respect to persons residing in provinces where there are no divorce courts. I am sure that hon. members are familiar with the terms of the bill. Nevertheless there are a few things I should like to say about it even at the risk of repeating what I have said on former occasions. In the first place, the bill does not alter any laws with respect to divorce so far as the basis for divorce in this country is concerned. In the second place, I would point out that the bill does not make available to persons in the two provinces where there are no provincial divorce courts any facility that is not now available to them.

There is at the present time available to persons residing in provinces where there are no provincial divorce courts the right to come to the city of Ottawa and obtain a divorce from the parliament of Canada. This bill, because it has in it a special clause which provides that the jurisdiction of the exchequer court in matters of divorce would have to be exercised only at the city of Ottawa, would still make it necessary for those persons to come to this same city of Ottawa. The only difference that would follow from the passing of this bill would be that those persons residing in provinces where there are no provincial divorce courts on coming to Ottawa to seek a divorce would, instead of appearing before a divorce committee of the Senate of Canada, go to the Exchequer Court of Canada.

As hon. members are aware, my reason for introducing the bill is to provide relief for parliament from the task of processing hundreds of these divorce cases every year. There is no doubt about the attitude of members of parliament to divorce bills. We do not like dealing with them. No one feels that it is a part of the job for which he was elected. As a matter of fact, on recent occasions in this very session when votes have been called on certain divorce bills we have had the lowest attendance in the House of Commons for a vote for a good many sessions. I suggest that is indicative of the feeling on the part of a great many members that this business of divorce is not the business of members of parliament. Therefore, Mr. Speaker, all that my bill proposes is that the handling of divorces be transferred from this building and from the jurisdiction of parliament to another building in the same city of Ottawa and to the jurisdiction of a court upon which we can confer the right to deal with these divorces.

I knew before I ever came to parliament, and no one could be a member of parliament for a number of years and not recognize even more fully, how strong is the feeling in the two provinces where there are no divorce courts against the establishing of divorce courts in those provinces. I have said on two or three occasions that I think it might be argued for my bill that one of the things it would do would be to put an end to any agitation for the establishing of divorce courts in those provinces. I have read editorial comments in support of my campaign to get divorce out of parliament which have gone so far as to suggest that the matter of divorce in those two provinces should be looked after by those provinces. Well, we know that is an utterly impractical suggestion, and I should think the people in those provinces who are so overwhelmingly against such divorce courts would welcome a bill like this which would put an end to any agitation of that kind. In other words I feel that this is not only a bill to relieve parliament from the handling of divorce; it is a bill to protect the two provinces concerned from any suggestion that they should have provincial divorce courts.

I am also aware, Mr. Speaker, of the loyalty of the Quebec members in particular to the Quebec civil code, section 185 of which reads as follows:

Marriage can only be dissolved by the natural death of one of the parties; while both live, it is indissoluble.

That is part of the Quebec civil code which is part of the law of the province of Quebec, and I fully recognize it. I also recognize that the right of the province of Quebec to have maintained in force in that province the Quebec civil code is protected by section 129 of the British North America Act, and I certainly have no desire in any way to run counter to the susceptibilities or the feelings of Quebec members, or any other members, with respect to section 185 of the Quebec civil code or section 129 of the British North America Act.

I suggest that my proposal solves this problem without running counter to that section of the Quebec civil code or that section of the British North America Act. It does not set up a divorce court in the province of Quebec. If it can be said to set up a divorce court for Quebec and Newfoundland, at least it sets it up here in the city of Ottawa, where there is already a divorce court for the people of those two provinces.

I know that another argument put forward is to the effect that as matters now stand divorce has not been recognized as a right as far as the people of those two provinces are concerned. It is argued that each bill that goes through parliament is a separate law standing on its own feet; and those who oppose my bill say that in their view it is wrong in that it would establish legally in the exchequer court a right to divorce for persons in those two provinces which they do not now enjoy.

I suggest with all respect, but I suggest it for honest and serious consideration, that this is splitting hairs. There is a court now. We call it the Senate divorce committee; we call it the whole machinery of parliament, if you will, but it is there as a right of which hundreds of citizens from those two provinces are availing themselves each year. Lest anyone still try to argue that this right has not been codified and formalized I would ask hon. members to take a glance at the rules, orders and forms of proceedings of the Senate of Canada. This is a little red book corresponding to the green book we have in this house. I suppose it is red to match their carpet as green matches ours. This is not Beauchesne but it corresponds to Beauchesne, for the other place. I find that this book contains some 83 pages of their standing orders, of which 27 pages are devoted to divorce. So divorce is not just something that happens over at the other place. It is not just something that is dragged in under the provisions of standing orders relating to private bills. No; there is a separate section in the Senate manual dealing with divorce. Of 152 standing orders in the other place, 20 relate solely and exclusively to divorce. The 27 pages devoted to divorce are made up of the 20 standing orders to which I have referred together with 11½ pages of forms which are spelled out in this book I hold in my hand.

I submit, Mr. Speaker, that that is evidence that already we have here in the city of Ottawa a recognized court for divorce for persons from the two provinces in which there are no provincial divorce courts; and I press my point that to transfer the handling of these matters from this building, this parliamentary machinery, to another building, and to the exchequer court, does not alter by one iota the present position, or introduce any facility not now available, or establish any right not already recognized, regularized, codified and spelled out in the law of this land. Since that is the situation I feel that hon. members should give pretty serious consideration to the terms of my bill.

I have said before and I repeat tonight that I am not wedded to this bill. I hope I may be pardoned for a bit of punning if I say I would even be prepared to be divorced from it if someone could show me a better way of dealing with this matter. I well recall many years ago when the present Prime Minister—at the time he was minister of justice—entered into a debate about this divorce business in which hon. members were complaining about the procedure of handling divorce bills in parliament. At that time he said to those who were complaining, "Well, if you are going to complain about the present practice, produce some other method." It was in response to that challenge that I gave some thought to the matter and came up with this suggestion for transferring the matter to the exchequer court. If anyone has a better suggestion I will welcome it most heartily. As a matter of fact if anyone has a suggestion not quite as good as mine but which would receive greater support, I would even welcome that. In other words I think my view is the view of hon. members generally, that if there is any way we can get rid of the handling of divorces as we now handle them in parliament, it would be a good move. Just as the present Prime Minister threw out a challenge when he was minister of justice to think up a better way, and as I tried to meet that challenge, now I throw out the same challenge to those opposed to this bill. I suggest that they find a better way or provide some other method, even if it is not as good, which will enable us to get rid of this business from parliament, and from this House of Commons in particular.

As I have already said, there is no doubt about the views of most hon. members on this question. Nobody really wants to keep divorce here. As for the views of the country generally, hon. members are aware of the

considerable amount of editorial comment there has been on this question, almost wholly favourable to the idea that some way other than the present method should be found. I hope we will not just continue year after year, going through the farce of passing these divorce bills in batches and droves, but that we will find a solution to the problem.

Once in a while I notice in the daily paper from my home city a little note that such and such a court granted six divorces or eight divorces. It is news that in one day a court has managed to deal with and grant five, six, eight or ten divorces. Look at what we do. We can pass fifty or a hundred. Members here have seen us pass two hundred or three hundred at one stage, and that is not even news. In this place it is only news when divorces are held up.

Again I say, Mr. Speaker, that the reluctance of members to deal with the matter, the reluctance of members even to vote on a bill when those who are opposed to divorce might actually have defeated some of the bills, makes it clear that members do not like what is going on. I suggest it is time we solved the problem by having the matter referred to some other body. Until members produce some other suggestion, therefore, I press the point that serious consideration should be given to this bill. I have already said tonight, as I have said on other occasions but perhaps as I sit down I should repeat it, that I am sure no member in this house will accuse me, in presenting this bill, of trying to ride rough-shod over the feelings or susceptibilities of persons in the provinces of Quebec or Newfoundland, or indeed over the susceptibilities of persons in any part of Canada with respect to divorce.

I have made it clear that in this bill I am not trying to change the basis for divorce. I have made it clear that I do not want to impose upon the soil of Quebec or Newfoundland any divorce court. I have made it clear that no new facility would be made available to these people. I have made it clear that we do not seek to regularize something that is not now regularized. I submit that after one has faced up to all the facts of the situation it is clear that something should be done about this matter, and until a better way is provided I suggest that serious consideration should be given to my bill. I hope that members will allow it to go to a vote and give it second reading so that it can go to a committee and be studied thoroughly.

Mr. Pierre Gauthier (Portneuf): Every time there is a move to grant more facilities to persons seeking divorces or a bill presented to establish another court for the provinces

[Mr. Knowles.]

of Quebec and Newfoundland, I have been on my feet to speak against these measures. I am going to do that tonight, and I ask the house to be very patient because I must tell the hon. member for Winnipeg North Centre (Mr. Knowles) that I will do my utmost, first to stop the bill from coming to a vote tonight and, second, to try to defeat the bill. Then, I hope we shall not hear any more about this matter in the future.

The hon. member is very able, a good speaker and very persistent in his opinions. I must tell him, however, that we in Quebec, and I could include Newfoundland, might be as persistent as he is in our refusal to accept a divorce court, even it it does not sit on the soil of those two provinces. It is very easy to speak about the establishment of a court that would not be on the soil of those provinces, but the results will be the same. In granting to the people of these two provinces the right to divorce in the exchequer court, the hon. member is really establishing a new divorce court for these two provinces. Whether or not he wants it, whether or not he likes it, that is what he is doing.

In establishing a new divorce court the hon. member is granting more facilities for divorce to the people of these two provinces. To support my contention that he is granting more facilities by establishing another court, I shall quote what happened in various years in Canada when there were proposals to establish divorce courts in the various provinces. In 1875, Mr. de Cosmos, the member for Victoria riding, proposed the creation of divorce courts for the provinces. I was not in the house at that time, but some other political men were here and they opposed the establishment of those courts. When Mr. de Cosmos proposed the establishment of these courts Alexander Mackenzie said:

> It is proposed to establish a court which a great number of persons are opposed to and, although I have personally no objection to the establishment of such courts, at the same time I do not desire to afford additional facilities for obtaining divorces and I hope that the resolution will be withdrawn.

Sir John Macdonald said:

> I would be sorry to see any tribunal established which might be the means of inviting other dissatisfied couples to apply for divorce.

Those quotations can be found in the debates of 1875 at page 859. In 1888 Jones of Halifax put a motion asking if it would better serve the interests of the country at large if we were to establish divorce courts. At page 1414 of the debates for that year Sir John Macdonald said:

> I think it would be a great misfortune for Canada to have that established.

At page 1416 Sir William Mulock said:

I think the facility with which divorces are granted in England and in other countries does go a long way to interfere with the sacredness of the marriage tie.

Mr. Northrup, in 1914 and 1916, was speaking on the jurisdiction of parliament over divorce cases when Sir Wilfrid Laurier said:

For my part, I rather agree with the statement made by my hon. friend, the Minister of Justice, that up to this time, the law does not know divorce and we had better stand by that position.

I have quoted these various Canadian men to show the hon. member for Winnipeg North Centre that by permitting the people from these two provinces to go before the exchequer court rather than the Senate—which is an altogether different thing—he is imposing upon them a divorce court which will be called the exchequer court. These provinces have repeatedly opposed the establishment of such a court. It is quite a different thing for those in the province of Quebec or Newfoundland who want a divorce to go to the Senate. This is a special dispensation granted to the people of those two provinces who want a divorce. If you allow these people to go before the exchequer court, you have increased the facilities for granting divorces. That is what we do not want in those two provinces. I hope my hon. friend and all those who want more facilities for divorce will understand once and for all that we do not want them.

Mr. Knowles: Then you had better abolish the Senate.

Mr. Gauthier (Portneuf): No; it is not a question of abolishing the Senate at all. I have here figures contained in a declaration from England for the time before divorce courts were established in England. The first bill to create a court of divorce in matrimonial cases in England was passed in 1857. I am giving these statistics to prove that the establishment of divorce courts gives more facilities for obtaining divorces. During two centuries prior to 1857, only 317 divorces by act of parliament had been obtained in England. Thirty years after the bill was passed to establish divorce courts in England —not two centuries but just thirty years— 6,381 decrees absolute for dissolutions of marriages were allowed. This is to prove that the establishment of divorce courts gives more facilities for the obtaining of divorces. In his "History of our own Times", Justin McCarthy wrote as follows:

The divorce act, judging by the public use made of it, certainly must be held to have justified itself in a merely practical sense. It seems to have been thoroughly appreciated by a grateful public. It was not easy,—

And those words are to be noted.

—after a while, to get judicial power enough to keep the supply of divorces . . . up to the ever increasing demand.

That is strengthening my contention, sir, that the establishment of divorce courts gives more facility for divorces.

Gladstone said—and this can be found in Lathbury's "Letters on Church and Religion of W. E. Gladstone", volume 2, page 362—as follows:

Unquestionably, since that time (1857), the standard of conjugal morality has perceptibly declined among the highest classes of this country, and scandals in respect to it have become more frequent. The decline, as a fact, I know to be recognized by persons of social experience and insight who, in no way, share my abstract opinion on divorce.

Here is another quotation, Mr. Speaker, from a man who was in favour of the establishment of divorce courts in England. I refer to Sir Cresswell Cresswell, the first judge of the new divorce court and formerly a pronounced advocate of the statute of 1857 which created it. I quote Sir Cresswell Cresswell:

I have been taught a lesson of experience. I have come to the conclusion that it is better for society to treat the marriage as indissoluble, considering it merely as a social question.

Theodore Roosevelt had this to say in the United States. Divorce courts were established in the United States and I will quote figures to prove that the more facilities there are, the more divorces there are. Theodore Roosevelt said:

Divorce is a bane for any nation, a curse on society, and a menace to home.

This is to prove from England, sir, that more courts mean more divorces, as they mean more facilities to obtain divorces. I have here the figures given to me by the bureau of statistics of the Canadian government. They are statistics for the various provinces of Canada and may be compared with the statistics for the United States. In 1941, in Prince Edward Island there was one divorce. Since the court was established in 1945 there have been 104 divorces. In 1941 the number of divorces in Nova Scotia was 68; in New Brunswick, 87; in Quebec, 48; in Ontario, 949; in Manitoba, 242; in Saskatchewan, 146; in Alberta, 311; and in British Columbia, 609. In that same year in the United States there were 293,000 divorces.

We will take the figures of 1946 in order to see the increase in the number of divorces permitted in Canada in those different provinces which I have mentioned. In 1946 the number of divorces in Prince Edward Island was 4; in Nova Scotia there were 68 in 1941 and 260 in 1946. In New Brunswick in 1941 there were 87 and in 1946 there were 382. In Quebec in 1941 there were 48 and in 1946 there were 290. We have no divorce courts

in Quebec. In Ontario in 1941, there were 949 and in 1946 there were 2,639. In Manitoba in 1941 there were 242 and in 1946 there were 636. In Saskatchewan in 1941 there were 146 and in 1946 there were 505. In Alberta there were 311 in 1941 and 962 in 1946; in British Columbia there were 609 in 1941 and 2,005 in 1946. In the whole of Canada in 1941 there were 2,461 divorces and in 1946, 7,683. More facilities and everywhere more divorces! In the United States in 1946, instead of 293,000 divorces as in 1941, there were 610,000. In 1950, in the whole of Canada there were 5,208 divorces and in the United States there were 385,000. Suppose for the moment the people of Quebec and of Newfoundland, through their members in the House of Commons, would accept the bill of the hon. member for Winnipeg North Centre (Mr. Knowles). This goes to show that unquestionably it would give more facilities for the people of those provinces to get more divorces. Unquestionably that is so. So we would have the same picture in these two provinces that they have in other countries where there are more facilities for divorce. I think, sir, that it has been shown, and repeatedly shown for a fact, for ten or twenty years, that we from Quebec do not want divorce courts. I do not see why the hon. member for Winnipeg North Centre always comes back with that bill to impose on us the exchequer court as a disguised divorce court, because it would be a disguised divorce court. We do not want it, and Newfoundland does not want it either. It should be kept in mind by my hon. friend, and those who support this bill, that we do not want it.

The hon. member asked a moment ago: Well, can you give us a better way of disposing of the divorces that come before the Senate? I know that he has been building up a case for the last few weeks to show the people of Quebec, and probably the people of Newfoundland, that it would be much better to have the exchequer court deal with the divorce cases that come before the Senate. I do not say that he does it maliciously, but I understand very well. I do not believe I am mistaken when I say that he has shown much persistence in building up his case—it is very well done—to show the people in those two provinces that we should do away with the committee on divorce in the Senate, and bring the divorces to the exchequer court. I am positive that the great majority of the people in those two provinces will not fall for that. They do not like the ordinary divorce courts on the soil of their provinces, to use that term, any more than they would like a divorce court called the exchequer court to deal with the divorces that are passed by the committee of the Senate at the present time.

Mr. Knowles: Do they like the Senate as a divorce court?

Mr. Fournier (Hull): They do not like divorce.

Mr. Gauthier (Portneuf): No, they do not like it either.

Mr. Knowles: Have you any other suggestion?

Mr. Gauthier (Portneuf): No; we do not like divorce; we are against it; we do not believe in it.

Mr. Knight: Do you vote against it?

Mr. Gauthier (Portneuf): I have always stood up on my two feet and voted against any move to give more facilities for divorce. I have made my stand very clear since I have been in this house, and I have been here for seventeen years. I have always made my stand very clear on that. We do not believe in it because we say, and our Catholic faith says it, that to disrupt marriage is killing the union, is to a certain extent killing the children and killing the nation. That is what we believe.

I know that divorces are requested in the name of liberty and freedom because, as some people say, nobody will tell us what is evil and what is good. It has been said in this house and in various committees of the house—I was there to hear it—we cannot know what is evil and what is good. And when we say that divorce is evil they say: Who is going to tell us what is evil? Well, if disrupting the family, dividing the father and mother, separating them from their children is not evil, I do not know what evil is. No one is obliged to have a friend or a neighbour come and tell him that that is evil when speaking of divorce, disruption of the family, the killing of the nation and the separating of the children from their father and their mother. If that is not evil, well, words do not mean anything to me.

I am going to quote one of the Conservative members, a very able man, the hon. member for Lake Centre (Mr. Diefenbaker). He was speaking in Montreal. I think I should quote this because it comes within the scope of my speech. He spoke on Monday, March 17, 1952. The article in the *Gazette* says in big type: "Real religious renaissance Diefenbaker cure for reds." That is a very good title because the communists of Russia have had experience of divorce, and they had to throw

it away. They had to go back on their philosophy, but only to a certain extent of course because they are atheists. But they had to come back and try to do something to prevent millions of children from wandering about the streets of Russia without a father and a mother to take care of them. The state had to do something for them. The burden became too heavy for the state, and they had to go back on their laws. They had to throw away some of their laws so as to render divorce more difficult in the future. It has been abundantly proven. The hon. member for Lake Centre called for a real religious renaissance. I think he should have added that this real religious renaissance should mean that we would think that it is a spiritual malady existing on our continent and on other continents of the globe. It is a spiritual malady to give more facilities and to admit the dissolubility of marriage on earth. I think he should be complimented on that because certainly he gave a lead so far as spiritual leadership is concerned in this country and in all countries of the world.

I remember that in 1950 the Prime Minister (Mr. St. Laurent) spoke on this question and gave a very clear picture of what we of Quebec understood in respect to this matter. I believe the same bill was presented by the hon. member for Winnipeg North Centre. I should like to read that quotation of the Prime Minister, but before doing so I am going to give a few figures. I gave figures a few moments ago on divorce in the United States. From December 31, 1906, to December 31, 1916, there were 975,728 divorces in the United States. There were that many divorces in that ten-year period in the United States. From December 31, 1876, to December 31, 1916, there were 2,250,069 divorces in the United States. I have taken these figures from the "Voice of America". The "Voice of America" adds this, that the total number of persons separated in fifty years—and the word "separated" is absolutely accurate—was 4,500,138. The total number of minor children made orphans in fifty years—and, through divorces, they are really made orphans—was 1,689,662. Then the "Voice of America" makes this reference—and I ask hon. members to note the expression used—that the total number of persons bereft and dishonoured in fifty years was 6,189,800.

Those are strong words. I agree with them. Because I believe that if in this country we are going to follow the example of other countries in the matter of divorce, then in Canada we will have the condition that we see in other countries—a condition of national disaster.

We should be more careful. I see my hon. friend smiling. He has his opinions; I have mine. It is a national disaster to allow divorce, and to give more facilities for divorce.

Mr. Knowles: Would my hon. friend permit an interjection?

Mr. Gauthier (Portneuf): I do not quote the hon. member. I am giving an opinion.

Mr. Knowles: Perhaps he would permit a word, because he made reference to my smiling. He is right, but I would not want his observation to be misinterpreted. I would not want my smiling to be taken as disagreeing with his suggestion that to multiply divorces in the proportions he suggested would be a national disaster. I agree that it would. My reason for smiling was that, while I respect my hon. friend's right to disagree, I do not agree that my bill moves in that direction, for it does not provide any new facility.

Mr. Gauthier (Portneuf): Yes it does; it gives more facility.

Mr. Knowles: How?

Mr. Gauthier (Portneuf): I shall quote the Prime Minister (Mr. St. Laurent) on that.

Mr. Knowles: My suggestion might make it even more difficult.

Mr. Gauthier (Portneuf): No. This is what the Prime Minister said on June 20, 1950:

> I do not intend to take very long, and I am not rising to talk this bill out, but to bring before the house certain facts . . . There is no doubt that under the British North America Act parliament has jurisdiction with respect to divorce. That is one of the express provisions of the act. There is also no doubt that before confederation there were in force in the province of Quebec laws which by virtue of the British North America Act continue in force until they are amended or repealed by the jurisdiction having authority to deal with them.

If we have authority to deal with them as suggested here, and if we give permission to those two provinces to go before the exchequer court, we are amending the law, whether we like it or not. Yes we are.

Mr. Knowles: No, not at all.

Mr. Gauthier (Portneuf): The Prime Minister continued:

> That is to be found in the explicit terms of section 129 of the British North America Act. Among the laws which were in force in the province of Quebec, and which have not been dealt with by the legislature of Quebec or by this parliament up to the present time, and which continue to be in force, is section 185 of the Quebec civil code. That is in force in the province of Quebec, and it is not in force anywhere else, and any legislation to deal with it is legislation for the province of Quebec and for the province of Quebec alone.

If the hon. member insists upon parliament accepting his bill, then he is asking parliament to overlook section 185 of the Quebec civil code. It would no longer be applicable in that province, because the hon. member would be saying to the people of Quebec, "You now have a divorce court known as the exchequer court. You are now allowed to go there, and with greater facilities available." It has been proven, and I say I have proven tonight conclusively from the quotations I have read, statements by political men in England, the United States and Canada, that in establishing divorce courts greater facility is given.

If that is done in the provinces of Quebec and Newfoundland, then more facility is offered to those provinces. Section 185 of the Quebec civil code would no longer be applicable. The hon. member would be saying to the people of Quebec, "This law of yours is no longer applicable. You are now allowed to go before the exchequer court, and to obtain divorces as often as you wish." That is what my friend's bill is doing.

We do not want that. The Prime Minister had this to say:

> That section of the code is very clear, and I think the shortest way to bring its content before hon. members is to read it. It is as follows:
>
> "Marriage can only be dissolved by the natural death of one of the parties; while both live, it is indissoluble."

We believe that in Quebec.

Mr. Knowles: And the Senate overrides that section 300 times a year.

Mr. Gauthier (Portneuf): The question of whether the Senate is or is not a divorce court was established long ago. It is a special provision that has been accepted—but not by and for the Catholics, because we are against it. We are against it. Then the Prime Minister continued:

> Such is the Quebec law at the present time, and until that law is amended or repealed, the matter is not one of who will have jurisdiction to hear a divorce case; the matter to be dealt with consists of a fundamental declaration of the law and that is why the hon. members who introduced this bill took the precaution to declare that the exchequer court would have jurisdiction and would have the right to dissolve a marriage. That however would be legislating for the province of Quebec.

I suggest the authority of a statement by the Prime Minister is much better than anything I could say. He is speaking; I am only quoting him. I believe he is right, because he knows what he is talking about. Again quoting the Prime Minister:

> That however would be legislating for the province of Quebec. It would be within the power of this parliament, but still it would be legislating on a matter which is extremely distasteful to the large majority of the people of that province.

He is telling my hon. friend, through my mouth, that it is distasteful to our province.

An hon. Member: Eleven o'clock.

Mr. Gauthier (Portneuf): Why not withdraw the bill? Why not withdraw it, once and for all, and do away with it?

On motion of Mr. Gauthier (Portneuf) the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we will resume debate on the budget.

Mr. Fleming: What about Wednesday?

Mr. Fournier (Hull): The budget.

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

HOUSE OF COMMONS

Tuesday, April 22, 1952

The house met at three o'clock.

COMMITTEES OF THE HOUSE

BANKING AND COMMERCE

Second report of standing committee on banking and commerce.—Mr. Cleaver.

DEFENCE EXPENDITURE—CONCURRENCE IN SECOND REPORT OF SPECIAL COMMITTEE

Mr. David A. Croll (Spadina) presented the second report of the special committee on defence expenditure, and moved that the report be concurred in.

Motion agreed to.

LIVESTOCK

ANNOUNCEMENT OF FLOOR PRICES ON CATTLE

Right Hon. J. G. Gardiner (Minister of Agriculture): Mr. Speaker, as recently announced in parliament, the federal government has agreed to establish a floor price on cattle until the United States embargo on Canadian cattle and beef shipments is removed. This price, until July, will be on the basis of $25 per hundredweight for good steers at Toronto, Montreal and Moncton; $23.35 at Winnipeg; $22.80 at Saskatoon; $22.55 at Edmonton and Calgary, and $23.40 at Vancouver. At the beginning of June a floor price for the month of July will be announced, and at the beginning of each month thereafter the floor price for the next month will be announced in order that the producer may know what the floor price on his cattle will be for the next two months.

In 1951 Canada exported about 400,000 head of cattle, either as cattle or beef, for which no outside market is at present available although it is hoped that domestic consumption will increase with the lower consumer prices for beef. If the market is oversupplied, it means the price to producers will remain at the floor. With the fixing of a floor price, it will be possible for the producer to market his cattle in an orderly manner with only finished cattle reaching the market, and if this is done the producer may expect to continue to sell all his cattle without undue market gluts, and may from time to time receive prices higher than the floor.

There are various reasons why it will be in the best interests of the cattle industry to delay the marketing of cattle while the United States embargo is still in effect, and attention is drawn specifically to the following:

1. When the American embargo is lifted, that market will again be available.

2. Orderly marketing will relieve market congestion and undue pressure on prices received by farmers.

3. The establishment of a floor price means the producer will always be in a position to obtain a minimum price for the particular grade of animals which he has to market until such time as the United States embargo is lifted. It is possible that the extra feeding, with the resulting weight gain, may improve the grade and therefore increase returns to the producer.

4. During the pasture season, cattle make their most economical gains on grass, and this is available on most farms and also in community pastures in western Canada.

Mr. Charlton: With reference to the floor price on beef, can the minister say whether or not the government has set any differential for the grades, or is that being left to the packers?

Mr. Gardiner: No, the prices for the different grades are related to the $25.

Mr. Quelch: Will the minister say whether the floor price is in operation now, or is it dependent upon the removal of all provincial embargoes?

Mr. Gardiner: The floor price is in operation now.

Mr. Fulford: In view of the fact that floor prices have been set for beef cattle, is the minister in a position to state whether any consideration is being given to stabilizing the market for dairy farmers?

Mr. Gardiner: There is a floor price under butter, of course, and, as I said yesterday, there is a legalized position in Ontario in relation to cheese. Since most of the cheese is made in Ontario, the cheese position is quite well governed by that.

Mr. Fulton: May I ask a supplementary question with respect to this grading which will be based on the floor price? Will there be any close supervision by the government of the grading methods as a result of the institution of the floor price policy? The minister will appreciate that it means a great deal to a farmer how these grades are applied.

Unless there is some supervision, with a floor price of $23.40 in Vancouver a farmer may get a price far below that for the cattle marketed.

Mr. Gardiner: There is always supervision when there is a floor price. I can best illustrate that by saying it is only a few weeks ago that it was found that a floor price was established on hogs. Immediately following that it was found that at certain places a price of 25 cents less per hundred pounds was being paid. This was immediately checked and in a very short time it was levelled out at 26 cents. The same kind of supervision will be applied to cattle as has been applied to hogs.

Mr. Cardiff: Will the minister state whether the 25 cents a pound is for red brand beef?

Mr. Gardiner: That is for good steers; choice is above that, and there are red and blue in the choice.

FOOT-AND-MOUTH DISEASE—FURTHER OUTBREAK IN SASKATCHEWAN

Right Hon. J. G. Gardiner (Minister of Agriculture): I am sorry to be required to announce that we have one more case of foot-and-mouth disease. The case was first reported on Saturday, April 19, and veterinarians visited the premises immediately and quarantined them. Dr. Carlson, of Regina, and Dr. Mulhern, United States foot-and-mouth disease specialist, on clinical examination diagnosed the disease on Monday morning as foot-and-mouth.

The herd is located six miles south and five miles east of Ormiston, Saskatchewan. The livestock involved is made up of twelve cattle and one hog. There is one contact herd belonging to a neighbour in which there are ten head of livestock. There are very few animals in the district, and no other contacts have yet been established. The burial pit is being dug today and slaughter is planned for tomorrow.

It has been reasonably established that the disease was transmitted from the area where it was originally found. May I say by way of further explanation that Ormiston is located five miles almost straight west of the southwest corner of the quarantine district.

Mr. Diefenbaker: How far is that from Regina?

Mr. Gardiner: It is about fifty miles straight south of Moose Jaw.

Mr. Argue: Since the new outbreak is just a few miles from where I live, may I ask the minister what effect this will have on the opening of the Ormiston P.F.R.A. pasture, which normally takes about 2,500 head of cattle?

Mr. Gardiner: The hon. member probably knows that this question was under consideration last week—that is, whether stock would be allowed into the pasture out of the buffer zone immediately adjacent to the pasture. At that time it was thought that probably stock would be permitted to enter the pasture, but I doubt very much whether stock will be permitted into the pasture now.

Mr. Argue: I have a further question. Will the government assist those farmers in obtaining whatever local pasture there is, and if there is not pasture available will some other compensation be made in the way of provision of feed supplies?

Mr. Gardiner: The authorities who are taking care of the situation there will, I am sure, give every possible consideration to the matter. There are other pastures, and some of them are so located that stock probably could be put in them from that district; but that is a matter which would have to be handled entirely by the men who are in charge of control of the disease.

Mr. Diefenbaker: Is this the case to which the minister made reference yesterday in his speech to the Rotary Club in Ottawa?

Mr. Gardiner: Yes, Mr. Speaker.

REPORTS AND PAPERS

ALBERTA HEALTH SURVEY

Hon. Paul Martin (Minister of National Health and Welfare): I should like to table copies of the Alberta health survey concluded in 1950.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Tuesday, April 8, consideration of the motion of Hon. Douglas Abbott (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, I do not know what the answer is to the applause from the government benches.

An hon. Member: Silence.

Mr. Macdonnell (Greenwood): One answer, of course, could be not to make a speech at all. Such an answer might be very effective so far as this house is concerned, but one always has the hope that what one says may attract some small attention outside the house.

I shall, therefore, go ahead with the speech. As I proceed I very much doubt whether I shall have anything like the feeling of good will surrounding me that prevails at the moment, or indeed as large an attendance. I will say that if the intention was to make it extremely difficult to be critical, I shall strive to resist it as well as I can.

There may be some good things about this budget, Mr. Speaker, but I have not been able to think of any, except a few cases where the minister repaired mistakes which he made last year in spite of the warnings that we then gave him.

So far as I can find, my feelings are widely shared throughout the country. When I spoke on April 8 I said that the taxpayers of this country were becoming tax-angry, and the last two weeks have convinced me that I did not exaggerate. In choosing the date for his speech, I presume the minister thought that by throwing the remainder of the debate over until after the recess there would be a cooling-off period; but I am inclined to think he will find that actually there has been a bit of warming up.

The following extracts from the press, a few of which I shall read briefly, I think will go some distance toward indicating what I mean.

The Hamilton *Spectator* that well-known independent paper says:

> If Mr. Abbott ever again has to perform the income tax sleight-of-hand he achieved on Tuesday's budget we suggest that he let us know in advance so we can get in the mood for it.

The *Globe and Mail*, in more serious vein, says:

> He (Mr. Abbott) has had time to study the government's need of revenue for its three major spending activities, administration costs, social security plan and the defence program, but in none of these categories has he given any evidence of relating fiscal policy to either the means of taxpayers or the ends to be served.

I myself have felt that to be one of the great difficulties confronting us now, and I propose to say a little bit more about it later.

The Toronto *Telegram* says:

> Douglas Abbott has bewildered the public by his juggling of the personal income tax rate.

I doubt if the minister realized quite what a job he was doing two weeks ago tonight.

The Calgary *Herald* refers to the minister in very spirited language, as follows:

> It can be said without fear of contradiction that Mr. Abbott makes most vaudeville magicians look clumsy. His hand is indubitably faster than the eye . . . With a casual wave of his hand he can shrink an elephant of a surplus to half size in a twinkling. And when he places a glittering gold piece in the palm of the little guy in the audience, he is not content like ordinary magicians just to make it disappear. He not only gets the gold piece back, but he simultaneously extracts a few nickels from the little guy's back pocket.

I do not know whether the minister recognizes himself in this guise, but the feeling is very widespread.

Then, again in more serious vein, the Ottawa *Journal* quotes Mr. Muir, president of the Royal Bank, as questioning whether the government was justified in raising "such vast revenues". I think that is a thing that bothers us all, Mr. Speaker. It quotes Mr. Muir further as questioning whether the large amount slated for defence might not be spent this year and thus another large surplus be realized. That also is a question that I think is in many people's minds.

I have noticed a great change of heart. First of all the press showed an inclination to say: well, whatever we criticize, we must not criticize defence or defence production. That inclination has been abandoned and I think people are now looking carefully at this $2 billion and feel that we need to know a great deal more about it.

L'Action Catholique raises a far-reaching question which really goes to the root of the matter. It says:

> If the federal government has so many taxation powers that it prevents the provinces and the municipalities from functioning normally, this certainly goes against the spirit of the fathers of confederation.

L'Action Catholique gives an illustration, and a vivid one, of what it means. It goes on:

> On the 28th of March of this year, when the municipal budget of the city of Quebec was brought down, Alderman Mr. Henri Beaupré said:
>
> "During the last few weeks, we did everything we could to cut down the estimates—"

That is the estimates of the city of Quebec.

> "—in order to be able to make both ends meet and during all that time some administrators in Ottawa were sweating in their efforts to find means to dispose of a huge surplus. Is that not enough to ask ourselves if there is not something wrong with our taxation system?"

In the light of what has happened, it is not surprising that these questions are being asked. As I said, people are warming up, and I think they should be warming up, because what is happening is that we seem to be getting back—in the lukewarm or cold war—to something like the war conditions that we had a few years ago when we spent over fifty per cent of our national income on war measures. The percentage is smaller today, of course, but on the present basis, say $4,800 million, as I said before, expenditure will amount to $13,150,000 per day, $547,000 per hour, nearly $10,000 per minute, or, putting it differently, $343 for every man, woman

and child, or $1,715 for a family of five, and, taking a rough figure, about $30 per week in taxation.

We can see that in spite of ourselves we are drifting back into the position in which we were in wartime, and we can also see that in wartime there was—and inevitably so—a great deal of government domination. We can remember also that at that time an enormous percentage of the business of the whole country was carried on by government, that the government was the great source of business to individuals, the great source of contracts; and of course the persuasive power of that huge amount of spending gave the government a tremendous hold over the people. I think it is fair to say that in retrospect we can see that in wartime we had not a few of the characteristics of the total state, and this could recur, if we are not watching it, in what I call a lukewarm or cold war.

There may be those who profit from government contracts and who think this is a pleasant state of affairs, but on the other hand I think critical voices will become more and more critical, as they are doing in the United States; they will realize and point out that the government's taking over industry is not the only way by which socialism can come; that we can have virtual socialism by reaching a stage where the government has taken such a large part of the whole income of the country that they would have unlimited power, or virtually so. The "point of no return" is hard to fix, but it is interesting to point out that even now taxation has become the biggest industry in the country so far as income is concerned. If we take the federal taxes at $4·8 billion, that amount is greater than the total value of all manufacturing in Canada in 1950, which was $4,378 million; and it is nearly three times as great as the value of agricultural production that year, which was $1,792 million.

As the Winnipeg *Free Press* says, these are appalling figures. They are appalling figures, they should stagger us, and they are staggering people and making them think about the cost of government as possibly they have never done before.

There are three questions I should like to ask and attempt to answer. First of all, is all this expenditure really necessary? Is there no hope of retrenchment anywhere? In my opinion the answer is that not all of this expenditure is necessary and that we should press for retrenchment to the point that we get it.

[Mr. Macdonnell (Greenwood).]

The second question is: Can the Canadian economy stand the strain? The third question is: What is the effect of the present high taxation on our people?

As to the first question—is all this expenditure necessary—I am going to leave it until later. I will deal now with question No. 2—can we afford it? My trouble is that there is nothing in the minister's speech which asks that question. I find no attempt to say whether we can afford it or not. In our private affairs when we make commitments we have to try to reckon up whether we can afford them and how we are going to meet them. But apparently in government affairs that is not so. I have no doubt that members of the government will agree that there is some point at which expenditures would become too heavy for free institutions, some point at which, in spite of ourselves—and without any intention of doing so, if you wish—we would slip virtually into a collective state, a socialist state, with freedom gone. But at any rate I say that the question, can we afford it, has not been answered by the minister; indeed, so far as I can see it has not been seriously asked.

There are some people who try to work out a formula. There is an economist, an Australian, I believe, who is called Clarke, who has tried to fix the danger point, which he says is 25 per cent of the national income; when you take more than 25 per cent, the danger signals are up.

As I said a moment ago, the point of no return is very difficult to fix. The only answer we get from the government is this. The attitude of the government seems to me to be inevitably the answer of the restaurant keeper in the southern states, who, in those dim days when pies sold for 5 cents apiece, asked a dollar for a piece of pie, and when the customer expressed outrage, the answer was: "Stranger, we need the money." I have a feeling that that is about the only answer we can get now.

What is the effect of the present situation on our own people? Well, we know the usual answer. The usual answer is to picture to us the tremendous capital investment, the increase in G.N.P.; and then we have pious admonitions that we should be thankful to live in such a country and under such a government, and we are told to compare ourselves with those who are less fortunate —and indeed, of course, most of the world is less fortunate. But, as I said the other night, there is not much satisfaction to many of our taxpayers to hear these millions and billions bandied about—they do not live in

a world of millions and billions; they live in a world of fives and tens, and less than that. It is the ordinary taxpayer that I am interested in, and it is the ordinary taxpayer that this house exists to protect.

As I said, many have done well out of inflation and currency debasement, and I regret to say that some of those who are doing well out of it seem content and practically say: It is not hurting me; I am getting by, and why should I worry? Before I sit down I want to suggest that we should all be much worried about it, not merely because many of our fellow citizens are so greatly affected, but because, if it goes far enough, it may ruin us all. But at any rate, our duty is to protect our people, and at the present time a great body of them are suffering.

It is always good to get an outside view of your position. In the *Atlantic Monthly* for May I ran across what struck me as an interesting and unusual assessment of our Canadian situation. Most of what comes from across the border seems to me to have not very much thought behind it. They seem to be dazzled by figures of investment and gross national product; but here is a statement from a responsible periodical which certainly tries to go to the mat. I quote from it briefly:

> The dominion government, which last year anticipated a surplus of $30 million in a budget of $3·7 billion, found itself embarrassed by a whopping surplus that exceeded $500 million.

The minister will have to look into this, Mr. Speaker, because apparently they have not heard the news that the surplus is not $500 million; it is some smaller figure. The minister, I am sure, will observe this figure. I continue with the quotation from the *Atlantic Monthly*:

> If Canadians were living through the most prosperous year in history it was certainly a queer kind of prosperity that nobody enjoyed. It was a twilight hazy kind of thing that fell rods short of everyone's notion of what prosperity should be like. Employers faced with cost of living statistics caved in before demands for higher wages. Prices kept rising.

The article goes on:

> The combination of pockets of unemployment, agrarian discontent, and a continued rise in the cost of living made trouble for the Canadian Liberal government.

The article concludes:

> More than likely Canadians are destined for more of the things they experienced last year—

I should have said that they pointed out the American investment in Canada, and then the article went on:

> More than likely Canadians are destined for more of the things they experienced last year—higher wages and less real income, more jobs and more unemployment, greater farm income in dollars and less to show for it at the end of 1952. And if all this adds up to prosperity, Canadians at the moment would as lief try something else.

Now, Mr. Speaker, I am not asking people to accept that statement as necessarily the last word, but I would state without hesitation that we do have in this country, despite our glowing figures, those grandiose figures, uneasiness, and the feeling that we have been on the crest of a boom year after year, and there is the fear that one day the boom will end and the reckoning come. Perhaps some people remember the old song no bird ever flew so high it didn't have to light.

The *Atlantic* writer was of course speaking of those elements in the community best able to take care of themselves, wage earners with a cost of living bonus, and that sort of thing. What he would say about the position of those of our fellow citizens whose income is still related to the dollar before its debasement, our citizens who have had no protection against the inflationary storm, but have had to bear the full fury of the blast—what he would say about them is hard to imagine. But what it means is that in spite of our fortunate position, which we talk about so much, in spite of our great natural wealth, we are out of balance, rather grievously out of balance. And of course one great reason, to which I shall add a word later, is the inflation of our currency by what the Winnipeg *Free Press* calls government profligacy of expenditure, as well as by other things.

I have tried to provide a background against which we can assess government tax policy, what it has been in the past year, and what it is proposing today. A year ago the government increased sales, excise and income taxes. We pointed out that this would increase prices. I give an illustration. Washing machines before the budget speech last year sold for $159.50; after the budget speech for $184.50. Before the speech, sales and excise tax on washers were $5.91; after the budget $20.30. Take toasters. The price before the budget was $9.95; the price after the budget was $10.95. The tax before the budget was 98 cents; the tax after the budget $1.50. There is not much room for doubt as to what happened there.

The fact was that the taxpayer got hit again and again. The higher taxes, instead of being deflationary as the government predicted, raised prices. Taxes went up; prices went up; national revenue went up, and of course the minister in a way is a beneficiary of it all, because his revenue went up and his surplus went up.

The feelings of the taxpayers who were taxed so heavily were keen enough. But, to add to their distress, the taxpayers, groaning under the minister's exactions, watched with amazement and irritation the surplus which had been estimated at $30 million grow in nine months to $722 million. If the minister, when he spoke on the air in February, had contented himself with explanations, even if the taxpayers had not accepted his explanations entirely, they might have had sympathy with him; but the minister took a very different line, a very bold line. He said the surplus was a fortunate thing. He said he was pleased that he had taken several hundred millions more than were necessary, and he must not be surprised if the impression grew not only that the surplus was welcomed, but that it was not entirely unexpected. And of course when the Prime Minister also said it was a fortunate matter, that strengthened the impression.

Here are some excerpts from the Minister of Finance's words, taken from his radio broadcast. He said:

It—

That is, the surplus.

It has been an excellent thing, not only for the government but for each and every one of you.

He was talking then to the citizens of Canada. Again he says:

We had to use $300 million of our budgetary surplus to meet non-budgetary expenditures—

And that means the loans, advances and investments.

—leaving about $400 million of the total surplus available for paying off a part of the national debt and increase in our working cash balance.

Later on he says:

Supposing we had not had this large budgetary surplus. Where would we have got the money for all these necessary loans, advances and investments?

Then he goes on to explain that the money would have had to be borrowed.

In other words what the minister told us in February last was that in April of 1951 he did not provide for these other expenses, which he now takes care of out of this unexpected windfall.

But, secondly, and even more surprisingly, in his broadcast the minister said, while warning us that the surplus might be reduced by the end of the fiscal year, that he had spent virtually all the money in the surplus, that he had used virtually the whole of it.

The minister's comment on that was that it was used for purposes which had been approved by parliament. No one of course suggests that the minister had misappropriated the money, or that the money was not used for things which in themselves were useful. But that does not alter these following facts:

1. That the minister in April last did not provide in his budget for the items which he took care of out of this unexpected surplus.

2. That he told us that he had used virtually all of the $722 million and—

3.—and this is important—that this amount will have to be replaced; and there is only one place to get it, in the end, and that is out of the pockets of the hard-pressed taxpayer, who will have to find roughly $700 million more than he would have had to do at this time. Or, to put it differently, if this money had not been used by the minister it would have been available at this time of peak expenditure to give some relief to the taxpayer.

Instead of this, the taxpayer's money has been used for various loans and investments which need not have been taken out of the taxpayer's dollar, and also for the paying off of debt, which is good in itself, but which should be done according to plan and not because a blunder has been made in budgeting. That is the position; and the taxpayer will only get his money back indirectly and over the years.

In the circumstances, it is not surprising that there is confusion and indignation, wide confusion and indignation and that the taxpayers still believe that to this extent they were taxed unnecessarily in the last year.

I just mention this in passing, because I am sure the minister would like to have it on the record, that in a recent cartoon he was shown as a juggler making the surplus rabbit disappear.

Mr. Abbott: That is the one the hon. member was going to put on *Hansard*.

Mr. Macdonnell (Greenwood): Unfortunately I cannot put a cartoon on *Hansard*. But the title I gave to it can be placed on *Hansard*, namely Abbott's Rabbit. I am sure that will be remembered for a long time.

So much for last year. I now come to the minister's proposals for this year which, if I may say so, are introduced with a mixture of well-assumed self-satisfaction and well-disguised repentance. When he said, "I feel justified this evening in saying that our policies have proved to be wise and right," I could not help asking: Is this the man who has already gone into reverse on so many of the things he did only a year ago?

And, to point up the irony, the very next sentence contains a really devastating argument against his own words, because in that sentence he said:

Events show that the inflationary virus in our bloodstream—

I think that is a good phrase.

—has taken a stronger hold than I had anticipated and that the prices increases that occurred before our measures took full effect were about five per cent greater than the forecast on which the budget was based.

Now, where does the minister think this virus came from? We told him where the virus was coming from; that it came out of his own taxes imposed last year. He did not have to be a clairvoyant to see that. Anyone could see what was going to happen—and what did, in fact happen.

I come back to the phrase "wise and right". Was it "wise and right" to retain the sales tax? Of course the minister seems to have a fixation on the sales tax, and refuses to admit his error. Or is he keeping it there in order to keep prices up and add to his revenue?

"Wise and right"—were the excise taxes of last year, which raised prices and caused unemployment, wise and right? The only wise thing was to abandon them. The minister, of course, gives high-sounding reasons for introducing them a year ago, ignoring completely the criticisms we made. And he now says:

We can ill afford much loss of revenue and I have given much personal study to this question. In this I have been helped by a considerable number of carefully prepared and thoughtful briefs from consumers, dealers and manufacturers. I am satisfied that a lower tax will now meet our requirements.

I think the minister might have been generous enough to give us some of the credit for his change of mind. The truth is that the course of events, which we accurately predicted, has proved too much for him.

We now come to the cigarette tax—another mistake. The minister said:

In the case of cigarettes, I had forecast an increase of $21 million and I experienced a decline of $1 million.

That does not seem very wise and right. However, we will agree that the minister recognized that he had received a "knockout" and later he said:

I therefore propose, effective immediately, to move the cigarette tax back to where it was a year ago.

If he had applied the phrase "wise and right" to his actions this year, instead of last year, we might have been able to go along with him. I am sure in due time the minister will come to the point where he will be much more ready to accept our advice, and not to delay it for a year. Because to delay for a year often causes trouble.

I now come to the income tax reduction. I was going to call it trivial, but you cannot call a thing "trivial" which does not exist at all. Actually when you include the social security tax—which, after all, is the same kind of money, and comes out of the same pockets—it results in a $12 million increase.

Of course we realize what a difference an election year makes. It is interesting to go back to 1949, when the minister had a surplus of $410 million. Of this he "translated into tax reductions"—and that is a nice phrase, so I shall repeat it—he "translated into tax reductions" $323 million. But at the same time the minister gave this assurance, one which I think should be bracketed with the modest statement he made the other night, that the government had "carried through a program of tax reduction such as no parliament has ever made before, here or anywhere else." Well, that is an expansive phrase from an expansive minister on the eve of an election. I suppose we have not time this afternoon to carry the study far enough to make sure whether we can find a greater reduction. At any rate we realize why it was made then. And I point to the fact that this year, with a surplus practically as large, the minister has given virtually no tax reduction at all.

Then, as to the corporation tax. Of course we need not spend more than a minute on it. Everybody knows that 52½ was lowered to 52. The question is whether the minister, who told us how much he disliked the corporation tax, had any feeling of discomfort when he watched this surplus roll up, a surplus based so much upon taking taxes from corporations, taxes which he himself admitted were unwise.

No one knows better than the minister what a disaster it will be if, by reason of taxation, corporation earnings begin to shrink, so that his tax returns will begin to shrink—and there are some indications, which we certainly hope will not prove true, that corporation earnings may not survive the tremendous onslaught made upon them last year. And this, of course, is another reason for urging the need of retrenchment.

Then, we come to the income tax changes. We need not spend more than a minute on them, because already they have been laughed out of court by the public.

The minister, after his cat-and-mouse game of April 8, went on on April 15 to make another statement. I think the only comment one could make on that is that those who followed the vagaries of the surpluses, beginning at $722 million and then ending up at $356 million, would say that they are prepared for anything. Of course, in so far as the taxes which were over 100 per cent are concerned, they have been remedied. That is something which should never have been

done a year ago, but obviously it should have been set right. We hope that there is no catch in it.

There will be criticism of the apparent discrimination against people with smaller incomes. If we compare the income tax rates, including the two per cent for social security, we find that for the first half of 1952 with the new rates, in the case of a taxable income of $1,000 the taxpayer will pay $10 more; in the case of a taxable income of $2,000 he will pay $16 more; in the case of an income of $7,000, he will pay $20 less, and in the case of taxable income of $10,000 he will pay $52 less. From there on the disparity increases.

Just one further word as to corporation taxes, which of course are making it most difficult for new businesses to start up, something which we are urgently in need of. Also a word to remind ourselves that corporation taxes of necessity go largely into prices.

There is one other thing I should like to point out. Repentance is a good thing. Of course when you repent of a sin you cannot repent of all the things that have happened by reason of your actions. The minister's repentance cannot relieve the sufferings already caused in this last year. We must remind ourselves that the taxes last year were not imposed mainly on luxuries but were on household necessities such as stoves, washing machines, and so on, with the result that those who were establishing homes either had to pay the extra prices or do without.

Even now the trouble is not over, because when the tax reduction was made the other day it hit many merchants who had articles in stock on which they had paid the old price and in many cases they will be unable to recover.

Nor should we pass this item without dealing with the aspect of unemployment in the electrical appliance industry, which makes washing machines, stoves, refrigerators, vacuum cleaners, and many other electrical articles. In January of this year employment was only 52·6 per cent of January 1951, and production was 40 to 45 per cent of January 1951. The figures would have been lower still except that the industry, hoping for better days, had continued to manufacture beyond their needs and to increase their inventories.

I was quoting from the *Atlantic* a little while ago. The *Atlantic* was concerned with those who were in the best position to protect themselves. If they had been dealing with those people who are really the victims of inflation no doubt they would have spoken much more emphatically than they did. I wish now to say a word about those victims of inflation, partly because I think there is great danger of their being forgotten, and partly because I think it is most desirable that we should still be on our guard against further measures of the kind which have already debased our currency.

These people that I speak of are experiencing the sad truth about inflation, that it makes the rich richer and the poor poorer. It is not too much to say that there is widespread havoc among certain elements in the community who have no means of protecting themselves. We know who these people are who are being victimized. In many ways they are the backbone of our country. They are the people who have sought to provide their own social security by means of personal savings, insurance policies and what not. They have tried to provide for their own old age and the security of their families.

Consider the case of those who are living on the benefits of life insurance policies or under wills. Take the case of a widow whose husband has saved so that they might live decently and educate their children. These are the people who have depended on what I would call the honest dollar. All these people have been betrayed. I do not mean intentionally; I mean by the unwisdom of the policy which has debased our currency.

You have only to take the case of people who were persuaded by propaganda in the last few years to buy government bonds on the assurance—it was virtually an assurance —that three per cent government bonds would not go below par. Those words were not actually used, but they came very close to it. I will read what was said, because I think we should keep these people in mind. Many of them have suffered; many of them have seen their securities go down almost ten points in some cases. That is the extreme case. Here is what they were told by a prominent and respected official of the Bank of Canada:

> Government bond prices reflect the level of interest rates. A decline in bond prices could happen only if interest rates were to rise. In my opinion the needs of the future will require and enable the kind of monetary policy which has brought about the current level of interest rates. Continuation of this policy means stability in victory bond prices.

If the English language means anything that was virtually saying to these people that their three per cent bonds would not go below par. I think we can probably feel that the salesman, having been given a statement that went ninety-nine per cent of the way would not have much difficulty in going the extra one per cent. To me the amazing thing is that a statement like this could be made. It could only be made by one who believed in the omnipotence of the financial

authorities—that they were going to be able to maintain this rate and that there would be no change. It is wise for us to remember that, because nothing could show more clearly what happens to people who enjoy almost dictatorial powers in wartime.

It is no exaggeration to say that those whom I have described, those who depended on the steady value of the dollar, have taken the rap. They are really the people who are carrying the heat and burden of the day.

Let us consider for a moment the position they are in. Their goods cost more, nearly twice as much. The money which they invested is worth less today. This would apply to money invested in an insurance policy. The three per cent they receive on their victory bonds is worth only about one and a half per cent on the basis of the 1939 dollar. When the bond matures and the $100 capital is paid, it will be worth only about $50.

It is interesting to remember that the people holding these bonds will get $3 interest but in effect they have lost ten per cent because during the past year prices have risen to that extent. Do not forget also that these people pay taxes. It is therefore no exaggeration to say that these people are suffering dreadfully.

There is one other thing we should remember—that nothing has been done in any way to relieve them. It is a difficult problem, but we must bear in mind that many other people have the benefit of cost of living bonuses or wage or salary increases. Professional people have increased their fees, but these people are left, as I say, to take the rap. The government should never be allowed to forget the part which inflation, owing to the policy of debauching the currency, has played in this. It is the same as when kings used to clip the currency.

I believe it is essential to recall this. Serious people should be trying to remind their fellow citizens of this because it seems to me that little attempt has been made to help these people. I know there are a great many—I know some personally—who practically take the line: I am doing very well and I am not going to worry yet. These people should not forget the history of currency during the last twenty years and realize that if inflation really gets out of hand it will ruin everything. Another reason I think it is important to emphasize this is that we have no guarantee the government will not resort to inflation again. After all, at the present time members of the cabinet are not seeing quite eye to eye. The Minister of Finance (Mr. Abbott) says he is drawing up his budget on the basis of a small rise in prices; I think he said two per cent.

Mr. Abbott: No; I said either no rise or a maximum of two per cent.

Mr. Macdonnell (Greenwood): We will say a small rise. On the other hand the Minister of Trade and Commerce (Mr. Howe) tells us there is good reason to believe that the thing which sent the cost of living index up last year now is working in reverse. I suggest the ministers get together and tell the same story.

It is useful to have a realistic picture like that in the *Atlantic Monthly*, because we get so much rather indiscriminate praise from the United States, usually from people who have made rather a mess of things themselves. I always think it is a little like the pot calling the kettle white.

Now I come to the question I reserved. Is all this expenditure necessary? A year ago when the minister placed before parliament his estimates for this year he foresaw a reduction of $35 million below last year. That seems a long, long time ago; and of course it was only a few months until that hoped-for reduction was replaced by an increase. I suppose if the minister felt free to do so he would say, "We should not have promised retrenchment and at the same time put on taxes which shoved prices away up," but that is a hard thing to expect the minister to say, and I certainly would not expect him to stand up and say it now. We sympathize with the minister in his task, or rather we would sympathize with him if it were not that all our sympathy must be reserved for the taxpayers.

As I said before, we are in danger of getting back into a semi-war atmosphere, where economy is outmoded. The other evening I quoted the rather strong words which had been used by that great government supporter, the Winnipeg *Free Press*. It spoke about government profligacy, which means wild and unrestrained expenditure. That is a strong word, especially coming from the mouth of a friend. What I am afraid of is that we are back in a war atmosphere again, and I am a little afraid that the familiar phrase uttered some years ago by the Minister of Defence Production (Mr. Howe) may have infected the whole service.

I propose to refer just briefly to a few items which seem to me to rather stick out. There is an item of $46 million for travelling and removal expenses. I think that might easily stand some investigation. Of course it includes the cost of transportation to Korea and Germany; but as I recall those figures they

are not staggering in themselves, and would still leave a very substantial portion of this $46 million for other purposes. It seems to me there has been an awful lot of moving around. The impression I get from those who have more to do with public servants than I have is that years ago if a public servant were going to travel, a certain amount of formality had to be gone through. You did not just do it all on your own. I understand now it is very much easier, and they are apt to descend upon one like a cloud of locusts, not just one person but that they travel in very considerable numbers. I should think that item would bear investigation.

Then, of course, we come to our old phrase, and what wonderful words they are: "Publication of departmental reports and other materials. Films, displays, advertising and other informational publicity." I find those words hard to pronounce, but we all know what they mean. They really mean that the public gets a certain amount of information and the department gets a certain amount of advertising. I should think it would be about one for the public and two for the department. Well, there we have these millions of dollars; yet I find that is not quite the whole story, because that figure does not include some of the people in the departments who get paid for working on publicity. It is very hard to find out how much of a man's time is devoted to publicity and how much to other things. It is very difficult to press that beyond a certain point of inquiry, but I do think this matter would repay investigation.

There is another thing which interested me very much and which I think will interest all people, particularly those who are not economists, as I am not. I think the ordinary man would be interested if he knew there were a dozen or fifteen departments of government each with its own economics department. External affairs, for instance, has 15 economists; agriculture has a staff of 125. As compared with those we are almost relieved to find that the finance department, where one would expect to find economists, has many less than the Department of Agriculture. Finance has only 24. I think that department had better buck up; it is being left away behind. In the labour economists research branch we have 141. I have not added all these figures, but if that were done I am sure we would get a very imposing total. Whether there are fifteen branches of economics, I do not know. Whether economics in the Department of Agriculture is different from economics in the Department of External Affairs, and whether that again is different from the economics in the Department of Labour, let us say, again I do not know. But it would seem to me there might be some sort of central bureau anyway.

I remember being given this bit of advice years ago when I was in business and a small new department was being set up. My wise chief said to me, "Now remember, that means you are going to create a new king, and he will want to have as many subjects as possible." So I think when you have similar branches in fifteen departments you are bound to have a lot of overlapping.

Well, now we come to national defence. I want to make some comments later on about the big, broad figure of $2 billion, but there are some other matters, trifling in the face of $2 billion, I would like to mention first. Here is a figure that interests me. Apparently national defence spends $4,891,000 on telephones, telegrams and other communication services. This seems to me to stick out like a sore thumb, when we recall that after all almost any part of Canada can be reached by air mail within 24 hours. It seems to me you could send an awful lot of telegrams and other information and make a lot of telephone calls for $5 million; and I would have thought a good deal of the information could have been supplied by using Her Majesty's mails, royal or otherwise.

Now I want to say just one thing about the Petawawa incident because it calls up something we in this party tried to do, with an utter lack of success. When we learned that quite apart from military personnel nearly 40,000 civilians were employed one way or another in the Department of National Defence we urged that some kind of expert assistance should be brought in to organize this huge enterprise. Well, we got the brush-off, as we in the opposition are accustomed to getting the brush-off; but the explanation was very unconvincing. I remember being told that efficiency firms could not deal with anything as big as this, that they could deal only with small companies. As it has turned out, that was just 100 per cent wrong. Now we have this incident which apparently makes it perfectly clear that it would have been wise if the department had taken our advice at that time, just as it would be so wise if the Minister of Finance would take our advice from time to time. At any rate here we have a splendid instance of locking the door after the horse has been stolen. Apparently the minister has known for some months that things were not good, but of course we could not expect him to tell us. Now he is getting Mr. Currie from Montreal to investigate, and a most competent person he is. I hope Mr. Currie's investigations will cover a lot of territory.

Just as one small straw to show the way the winds can blow I should like to mention a little incident that took place in the defence expenditure committee last autumn. It came to my attention that an invitation had been sent out to tender for 63,000 serving forks. The man who got it felt that this was a strange request, and he sent it down to me. I made some investigation about serving forks, and I found that a serving fork is apparently something which is used at a formal dinner where the waiter comes along and takes meat from a platter with this special fork to put on the guests' plates. I was told that a large hotel might need a score or two. I would not have imagined that in any military mess, outside of the officers' mess, there would have been a large number of serving forks used. I have had some experience with military messes, and I believe it is mainly a case of rugged individualism there; everyone looks after himself. I must say that this number of 63,000 was questioned and the defence department did reduce it to 40,000, but apparently there was still no doubt that they wanted tens of thousands of serving forks.

I produced this serving fork at the committee. I took great risk because I carried it in my pocket, and it extended out in such a way that if I had fallen I would have injured myself. I did, however, at great personal risk to myself bring this fork into the committee. It was presented there, but so far as I know no action has been taken.

Mr. Croll: At the committee meeting this morning a statement was tabled showing the number to be 14,000 and not 40,000; action was taken.

Mr. Macdonnell (Greenwood): I congratulate you. I do feel that this is progress. The number was reduced from 63,000 to 40,000 and now down to 14,000. If we strike off a few more zeros we may get it down to somewhere near the right figure. Speaking seriously again, this is a case where obviously something incredibly foolish was done. The action was questioned, and it seems to me if there had been any efficiency in the organization at all they would have jumped on it in a second. They would have found at once what a foolish thing was being done. If there had not been some complaint we would apparently never have had this figure reduced to 14,000. All I can say is that the more one hears about this matter the worse it is. I am not going to risk my life by taking this fork around any longer, but I hope the department will do something about it. A colleague points out to me that there is now one fork for every five men. It may be that we now have such refinement in the service that the men are going to wait upon each other, and perhaps they will need these serving forks.

Perhaps this case affords some explanation of another thing. It is not surprising, if there is a need for 40,000 serving forks, that the department needs such a large number of civilians to look after these things. It turns out that in the defence department we have something like 23,000 permanent and temporary civilians, and in addition something over 14,000 casual civilian employees. This figure represents about 20 per cent of the total of all the rest of the civil servants in all departments including the post office. I do not know how it strikes hon. members, but at least to me it suggests the need for careful inquiry.

I come now to the $2 billion figure for defence and defence production. I want to make some comments on that. I think it should be fully explored. I want to make it clear that in this party we wish to make an all-out effort on defence. There is no question about that, but that is not to say that we should mechanically assume that the figures given to us are the final word in economy. We must inquire into that.

What about the defence department itself, I mean the personnel? We have been given the picture of the multiplication of officers, and how well we know that picture! One instance in Calgary was cited where a staff was sent in at an estimated cost of $50,000—the minister did not question that in his reply—and the work was done by a colonel and several other officers. If I recall correctly the work had been previously carried on by a reserve officer and some N.C.O.'s at a suggested cost of well under $1,000.

We should not expect men in the services to be interested in expenses, Mr. Speaker. I think we would be naive to expect that. It is not their job, but the job of parliament. As a matter of fact, we ask the man in the service to provide us with protection. I have some knowledge of the army and I would think that anyone who expects military officers to be careful about the money they spend is naive to an extreme degree. Add to that the fact that most of the officers got their training in the recent war and you realize that, as those of us who have been in the army know, when a country is at war the idea of having regard to the money cost of what you are using is rather remote. Being of a thrifty nature myself, and tainted with a certain amount of Scottish blood, I did try to look after government property as well as I could, but I was regarded as something

in the nature of a lunatic. This is not the job of the officer, it is the job of parliament.

To whom do we look? The Minister of National Defence (Mr. Claxton)? He is completely surrounded by the spenders. He has to be in the hands of his technical advisers. As I said, their business is to strengthen defence and not to ask how much can be spent to strengthen it; that is our job.

We come now to the Minister of Defence Production (Mr. Howe), and he will understand the way in which I am using these expressions. I think his history is very much the same as the history of these military officers in so far as money is concerned. He is inoculated with the same virus; he is a kind of war baby, too. He blossomed and flourished in wartime. In those days he had all the money he wanted. The question was not, "how much will it cost?" but "can we get it and how soon?". Therefore, we must not be surprised if he talks in an offhand way about large sums of money which, however important they may be to the rest of us, seem to him rather like the small dust in the balance. How can he worry about the odd millions? He has other things on his mind, and that may be one of the reasons that he was $284 million wrong in his estimates of expenditures during the last fiscal year. I should like to refer to that because in the defence expenditures committee we had somewhat of a close-up of one or two items which gave me an understanding of the difficulty which faces the department. This experience also made me feel how foolish we would be if we regard the figures which are shown to us as ascertainable and well established figures.

I am going to read a little bit of the evidence given at the meetings of the defence expenditures committee last December. We in the opposition would have liked to go a little further with the inquiry but the committee was shut off on December 13 because we had to begin getting ready for Christmas! —although some hon. members will recall that we were here beyond that time. The civil servants were extremely co-operative in getting us the information and I want to make it clear that what I have to say is no criticism of them. Nevertheless, the results were profoundly disappointing. They certainly made one feel that estimates were little more than guesses.

Mr. Mackenzie, the deputy minister of defence production, in discussing construction contracts said:

> The estimated values that are given are in some instances too low, although it is not yet possible to revise those estimates in any firm way.

[Mr. Macdonnell (Greenwood).]

Mr. Harkness then questioned Mr. Mackenzie as follows:

> Q. What do you mean by estimated values there? As I understand this you have a list of the contracts that have been let. A. That is right.
>
> Q. That is not an estimate is it? A. The first column of figures in each case is the estimated value of the contract.
>
> Q. In other words, these are not firm contracts then? A. Oh yes, these are firm contracts.
>
> Q. I mean, as far as the total amount is concerned? A. Many of these contracts do not state a firm price.
>
> Q. That is what I mean—I should have said a firm price. A. We have had to estimate what the ultimate cost would be.

Later, Mr. Mackenzie said:

> Some of the contracts are as I said in my earlier statement cost-plus contracts, where we do not know at all what the ultimate is going to be.

Later, questioned by Mr. Wright regarding purchases of howitzers:

> Q. And for the United States government there is an item of 38 105mm. howitzers, with an estimated value of $1,457,646. Approximately the same amount of money is being paid for only 88 of these howitzers bought from the United States government as compared with $1,500,000 for 138 of these howitzers being paid to Sorel Industries Limited. Might we have an explanation for that?
>
> A. This is just an illustration of what I was saying, that the estimated values can be very misleading. The 88 howitzers were being bought from the United States government and that is the estimate we got from them on what we would have to pay. That is not a firm contractual price, that is an estimate which was received at the time. Now in addition to buying 88 howitzers from the United States, it was decided to manufacture this particular type of howitzer in Canada and it was thought at the time that the order would amount to one and one-half million but whether that will prove to be the case only time will tell.
>
> Q. Then these figures do not really mean very much?
>
> A. I was particularly careful to say that, when talking about these orders for equipment that are being made for the first time in Canada, it is practically impossible to be categorical as to what the items are going to cost.
>
> Q. You will notice that there is a vast difference in these two items. A. It may well be.
>
> Q. It would look as if they could be made much cheaper at home than brought in from outside the country.
>
> A. It may well be that the purchase from the United States will not amount to as much as that, or it may well be that the cost of manufacturing them in Sorel will be higher.

Mr. Speaker, I draw attention to the fact that this is not an order for some new type of radar gadget which was just invented the day before yesterday. I suppose that howitzers are 50 years or 60 years old. This order is for the manufacture of howitzers.

Hon. members will notice the utter vagueness of the figures which are given. Apparently they are not contracts. They are —what shall I say?—expressions of intent. Yet with vague figures like that, I presume, we have built up this figure totalling altogether $2 billion.

There is one other item that I should like to mention in passing, namely the item of $213 million for the acquisition of land and the construction of buildings in Canada. That amount apparently is in addition to the $311 million spent for that purpose last year. The hon. member for Nanaimo (Mr. Pearkes) mentioned that matter and raised the question whether, in these times when we are so greatly extended, we need to spend this huge amount. The gossip, of course, is that we are going to have our own Pentagon building all dressed up in modern fashion, underground and all that; that is the talk. One wonders whether these expenditures have to come. If we were as far astray as $284 million in 1951, heaven knows where we will be in 1952 with the larger figure.

In this same *Atlantic Monthly* from which I read I was interested to note one or two things from the United States experience which I should like to mention briefly. Speaking of waste in military procurement the *Atlantic Monthly* said:

> A decision to change the design of a plane or tank when production is under way can cost hundreds of millions of dollars.

An efficiency drive is in progress there and two instances of what they have done are worth mentioning. The secretary of defence who is an active fellow, whose name begins with "Mac", has reduced catalogue items carried by the armed forces from 15 million to 1·5 million. Another interesting incident is that they have discovered how to manufacture a certain part going into an airplane, which formerly cost $2, at a cost of less than one cent. The *Atlantic* report goes on to say:

> The real elimination of waste will come through a combination of constant probing plus consistency in policy decisions.

These illustrations from the United States should be useful in two ways. First, they should make us doubly and triply critical of all estimates put before us; and second, they should give us great confidence that economies can be made if those who are spending the money are forced to make every effort to find them.

Mr. Speaker, the situation in which we find ourselves reminds me greatly of the situation of a year ago. We then had before us a surplus estimated at $30 million; now it is $9 million. Having regard to the huge amount involved, they are both what you call nominal surpluses. At that time we reminded the minister of the surpluses, so unexpected, in the years past. Now we have a fresh instance. The minister therefore must not be surprised if we are dubious about accepting estimates at their face value. I should like to remind the house of the surpluses which we have had in the last five years. They are as follows:

	Million
1947-48	$676
1948-49	595
1949-50	131

That was the big year—the year of the election—that we had the tax melon cut.

	Million
1950-51	$211
1951-52	355

The total for the five years is $1,970 million. Nothing the minister has said to us this year makes one feel that this might not happen again. I read to you, Mr. Speaker, the shrewd comment of Mr. Muir of the Royal Bank who was not born yesterday and who suggests what I am sure many of us thought, namely that the surplus for next year may be in the $2 billion. There is a lot of room for economy in $2 billion. I have indicated some soft spots, and I have no doubt that there are a great many more.

There is one other consideration which should not be overlooked and that is that it is not reasonable to suggest that a minister who may quite well be facing an election next year has stripped himself of all hope of a surplus, with 1953 as a possible election year. After all, let us remind ourselves again that there was $284 million shortfall in defence expenditures last year. For these and other reasons I think it proper to ask again and again that retrenchment should still be sought, particularly in this $2 billion, and that we may still have hope for a reduction in these appalling expenditures.

Mr. Speaker, I move, seconded by the hon. member for Wentworth (Mr. Lennard):

> That all the words after "that" to the end of the question be deleted and the following substituted therefor:
>
> "the proposals of the Minister of Finance are unsatisfactory because they would continue to levy excessive and unjust taxation instead of assuring substantial tax reductions.
>
> This house condemns the government for taxing far beyond actual requirements and for its waste and extravagance.
>
> And this house regrets the failure of the government to assure efficient administration in all departments of the public service."

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, in following the hon. member for Greenwood (Mr. Macdonnell) I do not propose to cover quite the same ground, but in several respects I shall underline some of the points that he made so ably in the course of his remarks. When I listened to the Minister of Finance (Mr. Abbott) introduce the budget my mind went back to the first budget which was introduced in 1936 after my election to the House of Commons. That budget, including interest on the national debt, loans to our

railways, and every other expenditure of government for the year 1936-37, amounted to approximately $530 million. The budget now before us, again in round figures, amounts to almost $4,300 million or approximately eight times as much as the budget which I heard introduced by the Hon. C. A. Dunning in 1936. Both of these budgets were peacetime budgets. And what a strange twist of fate it is that in this period of peacetime the Canadian people should be called upon to raise, one way or the other, the enormous sum of $4,300 million. Of course the levels of the income cannot be compared, they are so different. At the present time we are spending over $2 billion for defence, defence against external aggression—and I am not complaining of these expenditures so long as they are carefully made, and so long as they are necessary, but I would point out that we had grave internal dangers in 1936, with hundreds of thousands of people on the verge of starvation or of want, with young men herded in relief camps getting 20 cents a day, and people being sent out to the backwoods of our prairie and other provinces and receiving allowances amounting to as little as $6 a month for a family. In other words, we can find, when we have to do it, money to protect ourselves from external aggression, but apparently we cannot find money in other times to protect the people of this country from the burden of poverty, of misery and of want such as they experienced during those fateful years between 1930 and 1939.

I could not help but think of these matters and make this contrast when the minister delivered his budget speech the other night. While I am going to criticize what he said, once again I think the drafting of the statement he made, his speech and the manner of delivery left nothing to be desired. I think that we could follow it intelligently and understand what the minister was saying, although at times he seemed to be saying quite contradictory things.

First of all, I want to agree with the hon. member for Greenwood when he said that the minister, in bringing down the budget, spoke as though he were actually effecting a reduction in personal income tax. Indeed, in describing the new change in the income tax structure, namely, the incorporation of the 20 per cent surcharge tax for defence into the regular taxation rate, the minister said this, as reported at page 1254 of *Hansard:*

> I expect the revenue loss as a result of these changes to be about 6 per cent in a full year and this loss in revenue is a general indication of the average gain to the individual taxpayer. In other words, the average taxpayer will pay 6 per cent less than he would otherwise have done under the income tax law as it now stands.

[Mr. Coldwell.]

However, a comparison of the 1952 tax rates with 1951 rates will soon show that the minister's statement was, in my opinion at least, entirely misleading. It is true that by incorporating the 20 per cent surcharge into the regular tax structure in the manner in which the minister has done, we shall pay in a full year, beginning this July, approximately 14 per cent instead of the 20 per cent we would otherwise pay under the existing law. But the minister has found it convenient to overlook the fact that the full 20 per cent defence surcharge has never yet been imposed. Last year, for example, we paid a 10 per cent surcharge, and now by the minister's indicated change we shall pay roughly 17 per cent for 1952 and 14 per cent in the full year commencing in July.

Mr. Abbott: My hon. friend wants to be accurate. He knows that the 20 per cent surcharge will have been in force for a full year on July 1.

Mr. Coldwell: Yes.

Mr. Abbott: That covers 95 per cent of the taxpayers. They will have a full year.

Mr. Coldwell: But different calendar years. I still say this cannot be considered as a reduction in the sense that the Minister of Finance used the words. What the minister has done is to use the originally imposed 1952 defence surcharge tax of 20 per cent instead of the actual 10 per cent surcharge tax figure in effect up until the end of 1951 in his comparison of the 1951 tax rates with the tax rates for 1952.

The changes in personal income taxes are therefore deceptive, for while they ostensibly reduce income tax, in reality they have the effect of increasing them. For example, a single person with an income of $2,000 last year paid $165 in tax. This year he will pay $175, or an increase of $10 before the social security tax of 1 per cent is levied. And in the same way a married taxpayer with no children and having an income of $3,000 paid $165 last year, but will, under the new changes, pay $175, exclusive of the social security tax. I think this demonstrates very clearly that our income taxes have been increased over the 1951 rates before the social security tax is included. The minister has, however, given the impression that if it had not been for the social security tax the income tax rates for 1952 would be lower.

Mr. Abbott: What are my hon. friend's figures again? To what bracket is he referring?

Mr. Coldwell: The bracket I used was for a married man without children with an income of $3,000.

Mr. Abbott: I will have to check this.

Mr. Coldwell: I would like to stress another point—

Mr. Abbott: The increase is owing to the imposition of the old age security tax.

Mr. Coldwell: No.

Mr. Abbott: Well, it is.

Mr. Coldwell: No; the increase I have shown is before the old age security tax is imposed.

I would like to stress one other point before I leave the subject of income tax. It is with regret that we learn that the minister has imposed a heavier tax increase on the lower income groups than he has done in the case of those in the higher income brackets. For example, a taxpayer who is married and without children and earning $3,000 per year —and that is the same category—has had his over-all personal income tax for 1952 increased by 12 per cent over his 1951 rate. On the other hand, a taxpayer who is married and without children, and receiving $20,000 a year—earning $20,000 a year, I should say—finds that his taxes have risen only about 6 per cent above what he paid in 1951.

I say that is hardly fair. Certainly it is not a fair way of allocating the burden of raising government revenues, if it is to be on an equitable basis, and on the basis of ability to pay.

It is interesting to note, too, that our criticisms of the so-called 2/2/2 formula introduced at the last session of parliament for the purpose of financing old age security become more than ever justified in the light of the minister's indicated sources of revenue to pay for this pension. Let us look at the sources of revenue that will be tapped in order to pay for this social security.

The minister has estimated that the 2 per cent sales tax allocated for this purpose for the present fiscal year will yield $135 million; that 2 per cent of the taxable personal income will yield another $52 million; and that 2 per cent of corporation income will produce an additional $48 million. This adds up to a total of $235 million, and leaves a deficit therefore of roughly $87 million necessary to finance out of general revenue to meet old age security.

Last autumn, when the old age security bill was before parliament, we of the C.C.F. criticized those features of the bill which imposed the flat rate of 2 per cent on the taxable portion of personal incomes, with a maximum payment of $60 a year; and we criticized, too, the 2 per cent on corporation incomes. At that time we pointed out in particular that contributions could only be made equitable if this maximum of $60 were removed and a graduated tax on personal incomes levied for this purpose.

If that had been done, not only would the social security tax have been made more equitable, and consequently more fair to all concerned, but there would have been less than $87 million to be made up from the general revenue. As it now stands, 42 per cent of the amount necessary to finance this pension must come from the sales tax, which is a particularly oppressive tax for the lower income groups to bear. We have said that before, and I wish to repeat it. We see that 16·1 per cent is to be derived from personal income tax and only 14·9 per cent from corporation tax levies, with the remaining 27 per cent to be derived from the general revenue.

Indeed, if we examine the manner in which the personal income tax for assisting in the financing of old age security is apportioned, we find that this tax lies most heavily on those in the lower income groups. The house will remember that last fall we of the C.C.F., as well as others in the house, criticized the unfairness and discrimination of exempting from this tax that portion of a taxpayer's income above his taxable $3,000. This means that the burden of financing this program falls upon those with taxable incomes up to $3,000 a year, to a greater extent than upon those with more than $3,000 a year of taxable income. Above this income tax level the tax stops with individuals paying the maximum of $30 for this year, whether they make $10,000 or $100,000.

I say it is disappointing that this unfair apportionment of income, together with the sales tax out of which most of the money will be found for financing this social security program, will, as I have noted, cause the cost of the program to bear most heavily upon the lower income groups, and the middle income groups, which in our opinion are at the present time quite hard enough pressed.

The minister's abolition of the 15 per cent excise tax on various commodities imposed by the last budget, and the reduction from 25 per cent to 15 per cent on other commodities, are in themselves to be commended heartily. However, as the hon. member for Greenwood indicated, putting these taxes on one year and taking them off in the next points up the grave injustice which has been inflicted upon those who furnished their homes last year. I wish to say to the minister that this shows either incompetence

or the governments disregard of the needs of the people who must furnish their homes in this highly inflated post-war period.

The Minister of Finance has once more demonstrated the government's disregard—and I wish to emphasize this—of the expressed wishes of the House of Commons by his failure to remove the four per cent floor on medical expenses. Just two weeks prior to the introduction of the budget the House of Commons unanimously adopted a C.C.F. resolution, moved by the hon. member for Winnipeg North Centre (Mr. Knowles), which in effect would permit taxpayers to deduct from their incomes before computing the amount of income tax to be paid the aggregate of their medical expenses, rather than only the portion in excess of four per cent of the taxpayer's income, as now provided in the act.

Mr. Abbott: I think the resolution asked the government to consider doing that.

Mr. Coldwell: Yes; I put it that way.

Mr. Abbott: I did not think you did.

Mr. Coldwell: I put it that way; I said that the Minister of Finance had demonstrated the government's disregard of the expressed wishes of the House of Commons.

Mr. Abbott: And what did you say after that?

Mr. Coldwell: That is exactly what I said.

Mr. Abbott: What did you say after that?

Mr. Coldwell: I said that just two weeks prior to the introduction of the budget the House of Commons unanimously adopted a resolution which would, in effect, permit taxpayers to deduct—

Mr. Abbott: "which would, in effect"—those are the words to which I take exception.

Mr. Coldwell: Oh, that is quibbling; that is really quibbling.

Mr. Abbott: The Minister of Finance never refuses to consider any suggestion, whether it is from the House of Commons or from any other place. That was the reason that resolution was not voted down.

Mr. Knowles: You voted down my motion for the deductibility of trade union dues a year ago.

Mr. Coldwell: As a matter of fact, what I say is perfectly clear—

Mr. Abbott: I want my hon. friend to be fair.

[Mr. Coldwell.]

Mr. Coldwell: Let no one quibble over the matter; the House of Commons expressed the desire that this should be done. And that desire was—

Mr. Abbott: The House of Commons expressed the desire that this should be considered by the government.

Mr. Coldwell: As a matter of fact—

Mr. Abbott: And the parliamentary assistant, who spoke on the motion, made it perfectly clear that that was the case. I heard my hon. friend on the radio misrepresenting it, as he is doing now.

Mr. Coldwell: The minister should not lose his temper. I have not lost mine.

Mr. Abbott: I am not losing my temper.

Mr. Coldwell: I do not intend to lose my temper over it; but the only way in which a resolution of this description can be presented to the house is through asking for consideration, and by expressing a desire; and that is precisely what the resolution did. And I say that in this respect there is disregard by the government of the expressed desire of the House of Commons—and that, I suggest, is a statement of fact.

The increase in the total amount of medical expenses which can be deducted, namely $750 to $1500 in the case of single, and $1000 to $2000 in the case of married people, will provide benefits to some people who are hard-pressed, but it will provide little if any benefit to those in the lower income brackets who in most cases could not afford, even if they were pressed, to pay these amounts themselves for medical aid. The removal of the four per cent floor would have benefited everyone who incurred medical expenses. I want to say—the minister may not like my saying this—that the ignoring of the house on this matter emphasizes the lack of respect the government has shown for parliament from time to time. For example, in August 1946 the house voted to ask the government to consider the continuance of the milk subsidy, but as soon as the house adjourned the subsidy was discontinued by order in council. I want to say that if we are to maintain our democratic institutions and traditions the authority of parliament must be restored by electing members who respect and believe in the authority of the elected representatives of the people.

I want now to turn to a relatively small matter, the tax reduction of from 30 to 15 per cent on soft drinks. In our opinion this was done to placate the manufacturers who, we are told, will benefit rather than the consumer. No reduction is to take place in the

tax on children's candy bars. I always thought that that was a very petty tax. The tax reduction of three cents on cigarettes will prove negligible in benefiting those who use cigarettes. While the government saw fit to change the corporation income tax in the interests of some corporations, it did not see fit to alter the sales tax which, as I have said already, hits the purchasers of large groups of commodities and is especially burdensome to people in the low salary and wage brackets whose necessities of life are indeed so heavily taxed.

I regret to say that the minister gives us no other alternative but to conclude that the result of this budget will be to militate against the interests of those in the lower salary and wage brackets and the farm groups. We find that in some parts of Canada very few farmers have incomes which place them in taxable brackets. I say that this aspect of the budget is most unfortunate. We had hoped that the lower income groups who have suffered the main burden of taxation, the weight of the special excise and sales taxes, who are unable to save little if anything as insurance against sickness or other unforeseen events, would have been given a much better break than the government has seen fit to give them in this budget.

I was interested to note that the minister has estimated that nearly $1,000 million is earmarked this year for social security purposes. On the other hand, his estimated gross national product for the year is $22,500 million. In other words, this $1,000 million will be equivalent to approximately 4·4 per cent of the country's gross national product. This is certainly an indication that Canada is far from having become a welfare state, as some would have us believe, when such a small percentage of our total national product is used for that purpose. On this point I was interested to read an address entitled "The Pattern of Canadian Progress" which was delivered recently in Toronto by the Minister of National Health and Welfare (Mr. Martin). The minister underlined what I have just said, when he used these words:

> In 1937, 30·6 per cent of Canada's federal budget was for social security. In the fiscal year just ended, this percentage was only 22·9 per cent—a drop of 5·3 per cent since 1948. In other words, social measures today account for a smaller percentage of our federal budget than they did four years ago or fourteen years ago.

That is a statement by the Minister of National Health and Welfare. I think it is the clearest evidence possible that we are far from doing all we could to provide Canadians with decent social security. As our economy expands surely we have the right to expect that the government will effect a greater distribution of this increased wealth by providing better old age pensions and, most of all, a national health insurance program. These are social measures which an expanding economy should be able to afford.

I want to turn to something that I have raised in the past and which has been raised by others, although not actually included in the present budget. I refer to the matter of farm implement prices. I make this reference particularly in view of the fact that we are witnessing a fall in farm returns and farm prices. Floor prices for cattle to be adjusted month by month were announced this afternoon by the Minister of Agriculture (Mr. Gardiner), which may be an indication that we may see falling cattle prices because of surpluses that may be piled up.

In that regard I should like to make a suggestion which I have made in the house before. In fact, I think I made it on the address. If the surpluses of beef and other meats pile up they are bound to have a depressing effect on our markets and may cause the government to lower the floor prices. I am afraid that we have lost the United States market for longer than we anticipated a short time ago since a new case of foot-and-mouth disease has been discovered in western Canada.

Consequently I think an effort should be made by the government to enter into some arrangement with the United Kingdom. We may have to finance payment to the farmers in the sale of cattle on the Canadian market or if necessary take sterling or make loans as the case may be so that we can get these surpluses into the hands of people who need them badly, people who would be glad to take these depressing surpluses off our hands should they arise. I think the government should consider a plan of that description. We have an obligation under the North Atlantic Treaty Organization to assist the economic welfare of those who are allied with us under that agreement. This might be one way of fulfilling it.

I wanted to say something about farm implement prices. I have just examined a copy of the final report submitted by the Saskatchewan legislative committee on farm implements and passed unanimously by the legislative assembly of that province on April 4. This committee was appointed to inquire into the prices of farm machinery with the object of determining the possibility of establishing parity in prices between farm machinery and the prices of farm products.

Its significance can be determined when one considers the importance of machinery to those engaged in modern mechanized agriculture. The trend toward mechanized farming, not only in Saskatchewan and the prairie provinces but indeed all across Canada, has progressed with great rapidity over the years with the result that farm implements are more important than ever to the farmer. Yet despite the importance of this subject to a large section of our economy the committee reports that the four major companies of the farm implement industry, namely, John Deere, International Harvester, Cockshutt and Massey-Harris, failed to provide the committee with the necessary information to carry out its inquiry. However, this did not prevent the committee from obtaining evidence which clearly indicated high prices and resulting high profits in that industry.

A provincial legislature, of course, cannot undertake investigations to ascertain whether a combine is in existence or whether a combine did exist. It is handicapped by not being able to secure certain information because of lack of provincial jurisdiction. As the committee in its report points out, a provincial authority can only act within the province, whereas a federal authority is legally entitled to obtain evidence, written or oral, anywhere in Canada. The committee recommends, therefore:

That, in view of the failure of the above companies to comply with the committee's request for information, and in view of evidence submitted indicating very high prices and profits, the federal government be urged to immediately institute an investigation of the farm implement industry by a parliamentary committee.

The committee further recommends in its report that the federal government take the necessary steps to prevent additional increases in the price of farm implements or, failing this, to increase the price of farm produce to offset the present adverse effect of high machinery prices on the farmer. This report calls to mind the inquiry that was made by a select special committee of this house, of which I may say I was a member, appointed on February 1, 1937. The authority given the committee was—

—to continue and complete an inquiry begun by the standing committee on agriculture and colonization, pursuant to a resolution of the house on March 2, 1936, into the causes underlying the high prices of farm implements—

It is interesting to note that the conclusion reached by the parliamentary committee in 1937, fifteen years ago, with regard to the prices of farm machinery, coincides with the conclusion of the Saskatchewan legislative committee of 1952, namely that prices on farm implements are out of proportion to the returns received by the farmer on his produce. The parliamentary committee in its report of 1937 declares that it—

—is of the opinion . . . that there is competition in the matter of securing sales but little or no effective competition in the matter of prices as between companies. It is true that one company cannot increase its price unless other companies, particularly the larger ones, follow suit but, as illustrated in January, 1936, and throughout the period, increases in the prices or maintenance of prices when a decrease should have been expected, occurs simultaneously in all the companies. The companies insist that no understanding existed between them in the matter of the January, 1936, increase and that the increases resulted from the same conditions arising in each company. It is extremely difficult for the committee—

So the committee reports.

—to understand the remarkable coincidence of the increase occurring in the same month of the same year and, generally speaking, on the same implements and to the same extent. The companies state that it is the practice in the industry to exchange price lists, and it may well be that this practice enables the companies to quickly gain uniformity in the matter of price levels.

In one of its findings the parliamentary committee says:

—that over the period 1891 to 1936 retail prices of farm implements have been maintained at too high a level as shown by the financial returns to the companies engaged in the industry during that period.

It should be noted that shortly after the report was tabled in this house in 1937 the companies showed their contempt for it by further increases in implement prices. When one turns to the present report of the Saskatchewan legislative committee on this subject, one finds evidence to the effect that the farm implement industry continues to be guilty of maintaining too high a level of prices, and prices that bear little or no relation to the prices the farmer receives for his products. The parliamentary committee of 1937 recommended that since such corporations tend to limit free competition in so far as prices are concerned—

—a well managed, well financed and independent co-operative movement might be encouraged by the consumers.

Interestingly enough, the report of the Saskatchewan legislative committee notes that Canadian Co-operative Implements Limited, created by the farmers after the 1939 inquiry of the Saskatchewan legislature, found retail prices of farm implements and repair parts to be excessively high, and had—

—succeeded in establishing efficient manufacturing operations and were producing implements which were closely related to the needs of prairie agriculture.

The committee goes on to point out that with regard to the whole question of distribution and the larger and more important

question of the contribution of Canadian Co-operative Implements Limited to the Saskatchewan economy—

—it was apparent to the committee that this organization had afforded large savings to its members. This was indicated in the submissions by C.C.I.L. representatives which showed that a minimum dividend of 16 per cent had been realized by members in the period 1946-51.

I should add that the dividend referred to, of course, was the patronage dividend, not profit or return on capital but a return of what are in effect overpayments for farm machinery made by members. In view of the serious nature of this problem and the difficulties encountered by the Saskatchewan legislative committee as a result of its legal limitations we of the C.C.F. urge—and I want the government to note this—that the federal government immediately undertake to complete the inquiry begun by Saskatchewan into the causes underlying high prices on farm implements. We further recommend that if a parity cannot be established between prices of farm implements and the prices the farmer receives for his products, the government assist farmers in the implementation of the recommendation made in 1937 by a select committee of this house pertaining to the establishment of a nation-wide co-operative movement in connection with the farm implement industry.

As I have already said, in view of the situation developing in the dairy industry and in the cattle industry, and since we cannot know what kind of world agreement there will be on the price of wheat, I think it is particularly important that every possible step should be taken not only to find markets but to see to it that the implements of production are available to producers at reasonable and proper prices.

Now I wish to move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That the amendment be amended by adding thereto the following words:

"This house further regrets that the government has ignored the wish of this house, as expressed by a unanimous vote on March 26, that the 4 per cent floor under medical expenses deductible for income tax purposes should be abolished."

There is one other matter I would like to discuss particularly, since it affects not only my own province but my own constituency. I want to say a few words about the South Saskatchewan river project. I think there is an urgent need not only to come to a decision but to undertake this important project as quickly as possible in order to provide water for irrigation and reclamation purposes for a large area in the province. This spring we have seen an unprecedented demonstration of the tremendous flow of water that occurs; yet perchance in the course of a few weeks the land will lack moisture. By that time the water will have gone down the river to the sea, having done incalculable damage as it moved on. It is expected that the project would provide for the irrigation of approximately 431,000 acres of land, thereby improving agricultural conditions in a large area of central Saskatchewan. It has been estimated that the productivity of the land to be brought under irrigation may be more than doubled with a consequent major increase in farm revenue. It is also expected that, as a result of this irrigation, the number of farms in the district would more than double. I believe that is a very conservative estimate. I would say that they would multiply because there are some very large farms in that area, and under irrigation those farms would be divided up into much smaller acreages. Instead of a declining population in those areas, as has been the case, both rural and urban populations should show some substantial increase.

Of course, in addition the irrigation project might also—and I say might also because I think that this is incidental to the plan—provide electric power to supplement the electric power that may be generated by gas, oil or steam, and thus provide cheaper and more abundant power to the people on the farm and the rural and urban centres. I hope that the commission will soon complete its inquiry and make its recommendations, and that those recommendations will be favourable to the undertaking. I do not think I have had the opportunity of saying this before, but I believe the government chose a very able irrigation expert from Salt Lake City to advise them in this regard. I hope that if the advice the expert on irrigation gives is favourable, the undertaking will be proceeded with at a very early date. As a matter of fact I think perhaps the time has come when, not only in the interests of the area to which I have referred, a great part of which is in my own constituency, but of Saskatchewan, the whole of Canada should receive consideration. We know quite well that periods of dry weather occur in that part of Canada. We know that this involves not only suffering to the people who live in the area but also often involves the country in large expenditures of money. It seems to me that this is one of the forms of insurance that could be undertaken by this parliament against the recurrence of the conditions that we knew in the thirties. I know that all the available information has been placed before the commission by the government of Saskatchewan, and that the commission itself said it required no further submission from that government until the public hearings

were held across the province. I know that the people of the area wish to co-operate in every possible way with the federal government in this regard.

Before I sit down, Mr. Speaker, I merely want to say, as I said earlier in my address, that we are disappointed with the budget. We think it emphasizes inequities in the imposition of federal taxation. We believe that the expenditures that are to be made should be very carefully scrutinized by this parliament. I cannot deal with the matter at any length, but I want to add to what the hon. member for Greenwood has said regarding the necessity of looking carefully into military expenditures. I was in Pembroke last night and met a group of prominent citizens there. My mission was a non-political one. Afterwards I had the privilege of chatting with them for a couple of hours, and they told me that they believe that the matters that are now under investigation should not be the only matters investigated, but that the accountants and so on should inquire into expenditures that have been made on equipment that has gone on over the past number of years. Apparently the common rumour in Pembroke, which is in the neighbourhood of Petawawa, is that what has been uncovered lately has been going on for a considerable time. I hope, therefore, that every effort will be made by the government to investigate this matter at Petawawa, and indeed at other military establishments from one end of this country to the other.

Mr. Solon E. Low (Peace River): The rules of the house, Mr. Speaker, limit the number of amendments that can be moved to the budget to two. Since there are two before the house now we will not be moving an amendment—not that there are not some further regrets that could be added to those that have already been proposed in the amendment and subamendment. I shall have to content myself, however, with dealing with some of the things by pointed criticism and not by way of amendment.

I listened with very great interest to the hon. member for Greenwood (Mr. Macdonnell) this afternoon. There were many things in what he had to say with which I find myself in thorough agreement. His criticisms, as usual, were pointed and I thought logical in the main. In some respects I believe, Mr. Speaker, he did lighten them with his delightful humour which we all enjoy. I am not going to deal at length with this whole matter of defence expenditure, but I should like to say that I thoroughly agree with both of the speakers who have preceded me that every effort should be made to investigate to the fullest possible extent what has been happening in military camps across Canada. Every effort should be made to run down the rumours that do exist with respect to wrongdoing. Let us make the wisest use we possibly can of our committee, and I believe that our vigilance will be well repaid.

The hon. member for Greenwood did say that the people of this country are tax angry, and that is true. I like to recall how triumphantly the Minister of Finance (Mr. Abbott) came into the house on the evening of April 8, bearing under his arms the great document, and the jaunty way in which he proceeded to present his budget. He was happy then, and he received a well deserved round of applause for the way he did present his budget and for his usual good nature while presenting it. But this afternoon I have witnessed some rather pointed criticism and I am afraid that the Minister of Finance has been flinching just a bit under that pointed criticism. He has nobody to blame but himself because his budget stinks. I do not think there is any question about that. The people of this country have only that word to say for it: it stinks. As I say, the minister cannot blame anybody for the criticisms that are being levelled at him this afternoon.

I should like to refer just briefly by way of additional testimony to the income tax statement that has been declared as misleading. To do so I should like to repeat briefly what the minister said as recorded, I think, at page 1254 of *Hansard* for April 8. These are his words:

> In other words, the average taxpayer will pay 6 per cent less than he would otherwise have done under the income tax law as it now stands.

I quite agree with what the minister had to say about abolishing the 20 per cent surcharge method of increasing the revenues from the personal income tax. I too think that it is not a good thing to continue that surcharge method permanently. It had served its purpose temporarily and should have been abolished. There seems to have been no good reason, however, why the minister should have made the statement he made and which I have just quoted.

I took the trouble to check the tables that are to be found at page 1811 of *Hansard* for April 10, 1951, with the table at page 1254 of *Hansard* for April 8, 1952, and this is what I find. Let us take into consideration married persons without children, those in that category. If the taxable income—that is, after the deduction of their $2,000 exemption—is $250, the 1951 tax is shown as $42; the 1952 tax is $44 plus the old age security levy of $2.50. This is an increase of $4.50 and a percentage increase of 10⅞ per cent. If the taxable income is $1,000, the 1951 tax was $165; the 1952 tax, $175; the old age security

levy, $10. The increase in 1952 over 1951 is $20, and that is a percentage increase of 12⅑ per cent. If the taxable income is $3,000, then the 1951 tax was $561; the 1952 tax, $596; the old age security levy, $30; the increase in 1952 over 1951 is $65 or 11·6 per cent increase. If the taxable income is $8,000, the tax for 1951 was $1,826; the 1952 tax, $1,946; the old age security levy is $30, which is the ceiling for the old age security levy this year. That is an increase of $150 for 1952 over 1951, which would be a percentage increase of 8·2 per cent. Then if you jump up to the $98,000 taxable income category, $58,370 was the 1951 tax; the 1952 tax will be $61,220; the old age security levy, $30. The total increase for 1952 over 1951 would be $2,820 or a 4⅑ per cent increase. Then if you go up to the $398,000 class, the 1951 tax was $301,600; the 1952 tax will be $326,690; plus the $30 old age security levy, which would make a $16,120 total increase in 1952 taxes over 1951 or a 5⅑ per cent increase.

That is quite a different picture, Mr. Speaker, from that presented by the minister when he said there would be an average of 6 per cent decrease this year.

Mr. Abbott: Not this year.

Mr. Low: I just read exactly the words the minister used.

In other words, the average taxpayer will pay 6 per cent less than he would otherwise have done under the income tax law as it now stands.

Mr. Sinclair: Quite right.

Mr. Abbott: Not less than he paid in 1951.

Mr. Low: Mr. Speaker, what the taxpayers of this country want to know and what they are entitled to know is exactly, in dollars, what they have to pay in income tax in 1952, and by how many dollars that sum is greater or less than what they actually paid in 1951. That is exactly what the people want to know and that is exactly what the minister did not tell them. In fact, he told them something from which they simply could not get those figures and it left them completely up in the air.

An examination of the two schedules which I have already placed before the house reveals the fact that the picture presented by the minister is a far different one from the average or a 6 per cent decrease in personal income tax which was announced on budget night. There is no decrease, Mr. Speaker, in income tax from last year's payment by individuals. I repeat that there is no decrease. It is all increase all the way along the line. What the hon. member for Rosetown-Biggar (Mr. Coldwell) said is quite true. The people in the lower income categories are getting it in the neck far more heavily by way of increase than are those in the upper income groups; and so it is all the way along in this budget. It is not a poor man's budget at all. It is a rich man's budget.

Mr. Knowles: It is just a poor budget.

Mr. Low: Even when you exclude the old age security tax of one per cent of the taxable income, the individual taxpayers of Canada will pay more in 1952 than they did in 1951. I repeat that when you exclude this payment, they will pay even more in 1952 than they did in 1951. I say that no juggling of figures in schedules, and no parenthetical expressions slipped in in various places in his budget speech—in rather queer places, in my judgment—can change that fact. As a matter of fact, the taxpayers of Canada, I think, resent the misleading statement made by the minister on budget night more than they resent the actual increase in the taxes that they will have to pay. They were quite prepared to face the facts but they wanted the facts. Their resentment is therefore extremely strong. The people generally are fast waking up to the fact that the Liberal party have developed to a high degree the hidden tax complex. This is just another demonstration of it. Down the years since this government came into office, there has been a continuous increase in the number of hidden taxes imposed upon the people as well as in the volume of revenues that have been derived from hidden taxes. It continues, as any study of the budgets down the years will show.

I am sure that the Canadian people had every reason to expect that the minister would include in his budget a provision making it possible for taxpayers to deduct the total of their medical expenses from their net income in order to arrive at a taxable income. The hon. member for Rosetown-Biggar has dealt with that matter very well, and I agree entirely with what he says. Inasmuch as I agree, it follows that I shall support his subamendment.

In the light of the unanimous vote of this house on the resolution presented by the hon. member for Winnipeg North Centre (Mr. Knowles) and also, I might say, in the light of the encouraging statement made in this house on March 26 by the parliamentary assistant to the Minister of Finance, I think that we had every reason to expect something very different—

Mr. Sinclair: No; it was only a resolution to give the proposal consideration that we voted on.

Mr. Low: Maybe that is another misleading statement.

Mr. Knowles: Quibble, quibble, quibble!

Mr. Sinclair: That is what we voted on.

Mr. Knowles: They voted for it that day; maybe they will vote for our subamendment.

Mr. Deputy Speaker: Order. The hon. member for Peace River has the floor.

Mr. Low: I repeat that, in the light of things that went on here on March 26, we had every reason to expect something very different from these meagre concessions that were granted in the field of medical expenses. What the Minister of Finance (Mr. Abbott) did in the budget will certainly be of little or no use to the taxpayers in the lower income brackets. They are not getting anything beyond what they have now. Considerable relief, of course, is there for those in the upper crust of income. As the hon. member for Rosetown-Biggar (Mr. Coldwell) said, it is quite evident that the minister is not prepared to take any direction from the members of this house who represent the sovereign people of Canada.

I am justified in wondering whether the present Minister of Finance is not following in the wake of his predecessor who told this house in no uncertain terms that the cabinet of this country derived their powers from the king and not from this sovereign parliament. It is about time that that issue was settled. I maintain that the sovereign power of this country is the people of Canada, and that the elected representatives in this house must be obeyed by the executive council in any matter where a majority vote or a unanimous vote is taken from the members in this house.

I should like to have something to commend the minister on. I would not like to criticize him all the way along. I want to commend him for taking off the 15 per cent tax on washing machines, electric stoves and refrigerators; but I have to remind him that when this tax was imposed last year we of the opposition—I think perhaps every speaker on the opposition side who spoke—protested vigorously on the ground that the tax struck unfairly at young married couples, as well as established householders in the lower income brackets.

Mr. Knowles: It stank.

Mr. Low: Yes, it stank. The minister at that time scoffed at us, just as he scoffed at our suggestion that his tobacco tax had passed the point of diminishing returns and would likely cause him trouble. A year later the minister says that we were right in both cases, but I suspect that he would not have taken off the 15 per cent special excise on household appliances if the work of the opposition in this house had not aroused the people to a tax consciousness, the like of which they have never had before—and I say that advisedly. I have met it everywhere in Canada more strongly than I have ever before, and I say the opposition in this house has justified itself and its existence on that one point alone of arousing the people from one end of Canada to the other to a tax consciousness. I think it is high time. That is the main reason I think for that concession being found in this budget. Public resentment is making itself felt, and when the taxpayers become more fully aware of what the government's hidden sales tax is doing to them by way of enhanced prices and by way of placing an unequal or uneven burden on them, particularly those in the lower income brackets, as was so well said by the hon. member for Rosetown-Biggar, I think they will show such displeasure that even the most callous minister of finance will be forced to reduce the rate or abolish the tax altogether. And believe me, I am going to try to get that done. I think that every hon. member in this house who understands anything at all about the ill effects of the imposition of the sales tax will go out with the same idea. Let us get that thing out of the way just as soon as we possibly can. I have dedicated my efforts for some years to achieve no less than the complete abolition of the sales tax, because I believe it is a vicious tax. I believe that it bears most heavily upon the poor. I believe it pyramids prices for all consumers, and it has within it a shadow tax, a substantial shadow tax that the government does not get at all. It goes to inflate profits where perhaps they should not be inflated. I think the minister should be censured for neglecting something very important in connection with his removal of the 15 per cent excise tax on household appliances and the reduction in excise on automobiles, soft drinks and some other things. I think he should have made the reductions conditional upon the manufacturers handing on to the consumers a corresponding reduction in price, and he failed. It is quite clear now that the purchasers of automobiles are not receiving the full benefit of the reduction from 25 per cent to 15 per cent in excise tax on cars and trucks. It looks as if industry is taking advantage of the leeway that the minister has given them to enhance their prices. I did have some sympathy for the soft drink manufacturers when they put on a real clamour some time ago for the return of the five-cent

bottle of pop for the kiddies, and I believe on that occasion I spoke of it here in this house. But when the minister cut the tax from 30 per cent to 15 per cent on the soft drinks themselves and also reduced substantially, I believe by 50 per cent, the tax on carbonic acid gas, and the soft drinks people decided to hold consumer prices at the seven-cent level, I am afraid I lost a great deal of my sympathy for their cause. I am afraid they will have a hard time convincing members of the House of Commons in the future that they are sincere when they go out for the nickel bottle of pop for the kiddies. I do think the minister acted wisely when he put competitive products like soft drink powders on the same tax basis as the soft drinks themselves. That was only fair, and perhaps it should have been done some time ago.

In the spring of 1951, Mr. Speaker, I appealed to the minister on behalf of thousands of sick people who have to buy quantities of certain drugs and medicines in order to live. I asked at that time especially that the minister place di-alpha tocopherol on the sales tax and duty-free list along with such things as cortisone and ACTH. Alpha tocopherol is at the present time very widely used by Canadians in the treatment of heart and vascular illnesses. I personally in the past year have seen remarkable results from its use by patients suffering from such diseases as phlebitis, varicose ulcers and various forms of heart ailments. The trouble is that there is only one manufacturer of the base product in America, and that is at Rochester in the state of New York. When the substance is brought into Canada it is subject to a heavy customs duty and sales tax of 10 per cent. As a consequence, the sick who need the substance have to pay greatly enhanced prices for it, prices they simply cannot afford to pay in so many cases. It would not be serious for them to have to pay duty and sales tax, plus the high price that they do have to pay, if they had to be treated only for a short time with it, but if deterioration of the heart and the vascular system has gone to the point where di-alpha tocopherol is needed, the patient as a rule must take heroic doses of it every day for the remainder of his life, and that is the special circumstance, Mr. Speaker, which would justify the minister in placing the remedy on the tax-free and duty-free list. I want to hasten to say that if di-alpha tocopherol were placed on the duty-free and sales-tax-free list the loss of revenue to the government would be negligible, but the benefit to the thousands of heart and vascular sufferers who are getting relief from the use of the concentrated vitamin "E" would be tremendous.

I am convinced that more good results are being derived from the direct use of di-alpha tocopherol in heart cases and in preventing thrombosis than can be demonstrated from the use of cortisone in the treatment of arthritis, and that is going a long way. There is certainly at least just as much justification for putting di-alpha tocopherol on the free list as there was for putting ACTH and cortisone on. I am appealing to the ministers concerned on behalf of the 1,500 members of the vitamin E society of Canada, and the many more thousands of heart sufferers who are not members of the society, to make provision in their budget resolutions for the free entry of vitamin E concentrates under the tariff, and for remission of the sales tax on the same substance.

The Minister of Finance appears to think, because Canada's gross national product was high last year—$21.2 billion, I think he said in his budget—and because it is expected to rise to more than $22 billion this year, and also because prices have remained very high, that our Canadian people are exceedingly prosperous and have few if any worries. I should like to spend a few minutes of time to present the whole picture.

I think it does us good occasionally to take a look at all sides of the case. It may prove enlightening to some of us to learn, and it is a tribute to our enterprise in Canada, that we were able to produce $21.2 billion worth of goods and services in 1951. The efficiency and capacity of our machine power are particularly evident in that achievement. And it is all the more challenging, to my mind, when we remember that fairly large numbers of Canadians were unemployed for substantial periods during the year. The minister himself admitted that there were certain areas of unemployment. I have heard the numbers variously estimated up to 400,000 in Canada. I say that achievement is all the more remarkable in the light of those unemployment figures, and it does bear vocal testimony to the efficiency and capacity of our productive powers here in this country.

The minister seems to take great comfort from the fact that the cost of living index has shown infinitesimal declines over the last three months, and that the index is now back to the August 1951 level. Well, he is optimistic about inflationary pressures, too, and their having been brought under control at least for the time being. I must say that his optimism certainly could not have arisen from the amount of the decline in the cost of living index. I would be surprised if that were the case. Perhaps the registering of any

decline at all is considered remarkable; I think so. Maybe that is what caused the minister to be somewhat optimistic.

This question arises: What has happened to the purchasing power of the dollar since the cost of living began its steady climb back in 1939? It will do us good to take a look at it. The purchasing power today of the Canadian dollar is only about 52 cents, as compared with the 1939 dollar. But the value of the dollar today depends upon what one wants to buy.

For instance, the food dollar is worth only 40 cents in terms of the 1939 dollar. And if one wishes to build a house his dollar is worth only 39 cents. A dollar spent in home furnishings will buy only 50 cents' worth, and the clothing dollar is worth only 47 cents. The rent dollar is higher, having a value of 70 cents in terms of the 1939 dollar.

Of course the minister or his parliamentary assistant will reply immediately to me, and I hasten to take it up right now because I know they will reply, by stating that although the purchasing power of the dollar has shrunk to the levels I have indicated, the average Canadian is earning considerably more dollars in 1952 than he did in 1939. I hasten to say that that is true. The figures show that the per capita income in the fiscal year 1938-39 was only $381, while in 1951 it was more than $1,000. So, while the value of the dollar has shrunk by nearly a half in twelve years, on the other hand the per capita income has increased 2½ times since 1939.

I imagine the minister would think he had us by the scruff of the neck in the light of those figures. It would appear, then, that Canadians generally are financially better off now than they were at any other time. And they probably would be, all right, if it were not for taxation.

Let us take a look at what happened to tax rates since 1939—and this is the third factor we must take into consideration. In the financial year 1938-39 the federal government taxed the average Canadian $39.12. Let that figure sink in, because it is important. Provincial and municipal governments taxed him another $30; so that the total for 1939 by municipal, provincial and federal taxation was $69.12.

By 1951 federal taxes alone amounted to $260 for every man, woman and child in Canada. When one adds to that what the provincial and municipal governments took by way of taxation—another $100—it appears that the total tax load carried last year by the average Canadian was $360. That figure is more than five times what it was in 1939.

[Mr. Low.]

So that when we consider all three of the factors—that is, the decline in the value of the Canadian dollar, the increase in the average earnings of the Canadian people, and the terrific increase in the tax load that has been imposed upon each citizen—there is only one conclusion that can possibly be drawn, and that is that the average Canadian is certainly very little, if any, better off today than he was thirteen years ago, in spite of the great progress our country is supposed to have made since the beginning of world war II.

So what good does it do us to boast to the world of an expected $22.5 billion of production this year? If this is going to go on, what good does it do us?

I have to ask this question: Why is it that on the average our people are little if any better off than they were thirteen years ago, while we boast of the wonderful progress our nation has made, our tremendously increased productive power, our new and expanded factories and machinery, and our new skills? But our citizens are not getting the advantages that these things should bring.

We Social Crediters make the claim that failure to hand on to the average run of Canadians the results of our technological progress flows mainly from an outmoded financial system which is incapable of reflecting in a financial way the abundance of real wealth which our people are capable of producing, and which they are willing and anxious to produce.

The financial policy which the minister persists in following produces, in the main, a ghastly fear of over-production. That fear grips the farmers of Canada today; and they dare not produce to the extent of their capacity because they fear—and quite rightly so—that the present situation would destroy their market. It certainly would.

Fear of overproduction is beginning to manifest itself not only in the farming industry but also in many fields, in spite of the world's need for food, and other necessities of life, and in spite of hunger and suffering in many lands. Did anyone ever hear of anything more paradoxical than that? Did anyone ever hear of anything crazier than that? And so long as the present financial policy governs Canada, that fear of overproduction will constantly be present to overshadow any short periods of prosperity that we may experience.

Back in the early thirties the low prices of farm produce made it almost impossible for even the most efficient farmer of that day to stay in business, and keep his head above water. The situation then was very largely

the result of a large-scale withdrawal of purchasing power from circulation and, I might say, out of existence, coupled with a rigid restriction of credit.

These two things were then, as they are today, the only methods which orthodox financiers recognized to correct inflation. They will not recognize anything else. The inflation of the years immediately prior to 1929 was a direct result of the financial policy in effect during the first world war, and those years especially between 1924 and 1928.

Today farm prices, it is true, are relatively more fair in relation to taxes and interest rates; but the general price level is so high that there is widespread fear that the present abundant situation will come to a sudden collapse. This fear I am sure will prevent continued steady progress in our economic development unless something very different by way of a financial policy is laid out and followed in this country. Consequently the financial interests are doing their best today to convince the people that the remedy lies in heavier taxation and restricted credit. That is exactly the policy that did so much to bring on the depression of the hungry thirties. How are we going to change the end result by applying the same policies today?

When people begin to fear a business recession or depression some of them stop buying because they think prices are too high and probably will soon be lower. Others think that now is the time to make their hay and so they help to boost the inflationary spiral by charging all the traffic will bear by way of prices. The Minister of Finance and his advisers think that they can improve things by confiscating more of the people's purchasing power through heavier taxes, especially commodity taxes; but instead of helping the situation they succeed only in increasing prices.

It must be apparent to any thinking person who has delved into the mysteries of finance that all these distresses which I have mentioned, and more too, have been brought about by the mismanagement of Canada's financial policy. Inflation is the result of mismanagement in the issue and withdrawal of money purchasing power. Inflation is a man-made muddle and the only way it can be cured is by a man-made solution. The only solution that I know of, or anyone knows of, for inflation is the proper management of the financial policy of our country. I do not think there is any other way it can be done.

The government has blundered along for many years under the delusion that somehow money comes automatically into the consumer's hands in sufficient quantity to enable him to buy back all the goods that are produced. This just is not so. I would like to have some of the people who think that this is so accept my challenge and in this debate lay bare all the facts concerning that proposition.

The proper management of financial policy of Canada demands that the money to buy goods as fast as they come on the market should be supplied to the consumers, either in the form of wages and salaries, price discounts or tax remissions, or dividend arrangements including family allowances, old age pensions and perhaps others. If wages and salaries are insufficient then other forms of income would make up the deficiency. In this way, if the goods are wanted they will find a ready sale.

If enough purchasing power is in circulation, just enough and no more, to buy the goods we produce at fair prices, then business in the country will be steady and a general confidence is bound to result. I see no real reason why prosperity cannot last just as long as production can continue at a high level, provided of course a realistic financial policy is laid down and followed. That realistic financial policy must be a kind that will encourage productive effort. It must impose only a minimum tax on the efforts of the primary producers so that they will feel that it will pay them well to produce to the limit. That is what we must have if we are to supply the world's needs. Taxes that discourage wage earners from putting in their full time must be avoided.

What we need in Canada is a financial program that will induce enthusiastic production without the fear of punitive taxation or unemployment and depression, which are the inevitable consequences of the present financial policy. I bear testimony to this fact: There is a school of economic thought that would and could change the present policy so that abundance would not carry the present threat of unemployment, and so that inflation would not arise to rob the people of a large percentage of their wages. I commend to hon. members of this house a study of the social credit financial policy which I am certain would do the job.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

PRIVATE BILLS

ROYAL CANADIAN ACADEMY OF ARTS

Mr. A. J. P. Cameron (High Park) moved the second reading of Bill No. 143, respecting the Royal Canadian Academy of Arts.

Some hon. Members: Explain.

Mr. Cameron: The purpose of this bill is very well set out in the explanatory note, which reads as follows:

> The principal purposes of this bill are to increase the number of academicians and to grant the associate members a larger voice in the affairs of the academy.
>
> It is proposed also to clarify the language of sections 2, 3, 4, 5 and 10 of this act.

A short historical review of the academy may be in order. The Royal Canadian Academy of Arts is the oldest official art institution in Canada. It was founded by the Marquis of Lorne, Governor General of Canada, in 1879, and was chartered by act of parliament on May 17, 1882. A new charter was granted in 1913. Its objects were and are:

> The encouragement of design as applied to painting, sculpture, architecture, engraving and the industrial arts, and the promotion and support of education leading to the production of beautiful and excellent work in manufactures.

Among its earlier achievements was the founding of the national gallery, and for a long time it was the only organization which sponsored regular art schools or classes in Canada. For 50 years it was the prime influence in promoting progress and taste in architecture.

Times have changed, and many of the original purposes for which the academy was established have been fulfilled or superseded by new purposes suited to modern needs. But its principal function remains that of "encouraging, improving and cultivating all the arts of painting, et cetera." Its present membership includes about 40 academicians and about 75 associate members, architects, painters, sculptors and designers in the graphic and decorative arts, leaders in their profession.

The 1913 charter is now found to be an impediment to development of the primary aims. The new constitution proposes changes in the construction and operation of the academy which will permit a more liberal approach to modern conditions and make its membership more inclusive and its management more elastic and democratic. These purposes it hopes to accomplish by increasing the number of academicians and by granting the associate members a larger voice in the affairs of the academy. The proposed bill also is intended to clarify the language of certain sections of the present act.

Motion agreed to, bill read the second time and referred to the standing committee on miscellaneous private bills.

[Mr. Cameron.]

DIVORCE JURISDICTION ACT

EXCHEQUER COURT TO HAVE JURISDICTION IN ACTIONS ORIGINATING IN QUEBEC AND NEWFOUNDLAND

The house resumed, from Monday, April 21, consideration of the motion of Mr. Knowles for the second reading of Bill No. 4, to provide for the jurisdiction of the Exchequer Court of Canada in matters of divorce.

Mr. R. R. Knight (Saskatoon): Mr. Speaker, this is not the first time dissatisfaction has been expressed in this house over the method of handling divorce bills. I was looking at *Hansard* for February 16, 1914, when there was an interesting discussion, at which time Mr. W. B. Northrup, then the member for East Hastings, moved the following resolution:

> That, in the opinion of this house, the procedure under which divorces are granted by parliament and the subsequent unreasonable expense thereof are so unsatisfactory, besides being prohibitive to the great majority of the people of Canada, that the same should be taken into immediate consideration by the government with a view to reform, during the present session.

I might repeat if not the words at least the sentiments there expressed, that something should be done about this matter by way of reform and at this session. I listened with tremendous interest last evening to the hon. member for Portneuf (Mr. Gauthier), whose speeches I always follow with pleasure. In criticism of the hon. gentleman, however, I must say he spent most of the time attacking divorce as such. As far as I know no one was defending divorce as such. As far as we are concerned we simply want the consideration of divorce matters removed from this place, and we are not too particular where it may be removed to as long as the cases get proper consideration.

With a great deal of what my hon. friend said I can agree. He deplored the growing prevalence of divorce, and I have no doubt the headline will make good reading for my hon. friend's constituents in Quebec: "L'honorable député de Portneuf attaque le divorce." That is always a popular subject. He argued that transplanting divorce from the established divorce court of the other place and this house would facilitate divorce and result in more and more cases coming from the two provinces with which he was concerned. But my hon. friend made no attempt to prove that statement. It was merely an assertion, and I, for my part, can make the contrary assertion with equal vehemence and conviction.

The hon. member asserted that we must not set up a divorce court for the province of Quebec. With that I am in complete agreement. This house has no right to impose

anything of the kind upon any province. But already we have a divorce court for citizens of Quebec and Newfoundland, which divorce court is to be found in the Senate and this house. We simply wish to transfer that court to another place, though certainly not to the province of Quebec. I think the statement that there would be any essential difference in the strain upon the conscience by transferring that court elsewhere, as compared with the method we now follow, is if not double-talk at least certainly the splitting of hairs.

The hon. member quoted with satisfaction and evident respect the words of the Prime Minister (Mr. St. Laurent) when he spoke on this subject not long ago. I would point out, Mr. Speaker, that the Prime Minister spoke on the rights of minorities, and said that the minority which generally speaking in Canada comprises the population of Quebec, which for religious reasons is opposed to divorce, must not have anything like this imposed upon it. I think that we all agree their rights must be respected. No one has suggested that the court should be imposed upon the province of Quebec or upon Newfoundland.

Then the Prime Minister (Mr. St. Laurent) went on to speak—I was proud to hear him—about the rights of the smaller minority, those who, in their personal lives, feel that a divorce is necessary. The Prime Minister said that for them some way must be found, and some way had been found in the procedure which we now use. But I would remind the Prime Minister and the hon. member for Portneuf that there is another minority that I think should have some consideration, and that is the minority of members of parliament in this house who accept their responsibility, and who try to give to these cases with which they are saddled proper consideration as they pass through our hands. I ask you, Mr. Speaker, why should we be asked—yes, I know in violation of some of our consciences—to deal with these matters when the hon. members who object on religious grounds abstain from having anything to do with them? I know that they have good precedents for such abstention. In the debate to which I have referred, and which can be found on page 828 of the *Hansard* for 1914, Mr. Rodolphe Lemieux, when addressing the Speaker, stated:

> You, sir, will have noticed that when a bill granting a divorce comes from the Senate to this house, the members who belong to my church do not take part in the debate and do not vote.

There is a precedent for the actions of many hon. members in this house. I am going to suggest to my hon. friends, who through their consciences and their religion are opposed to divorce, that they should prove their sincerity by remaining in this house and voting against these divorce bills as they are presented.

Mr. Fournier (Maisonneuve-Rosemont): Wait and see.

Mr. Knight: The hon. member says that they will, and in a few cases I know that they do. In my experience, however, the majority do not take any action at all. May I make another suggestion, and it is this. If anyone is to abstain from voting then those who come from the other provinces ought to have the greater reason to abstain because the greater responsibility for dealing with these cases should rest with the representatives from the provinces from which these applications for divorces come. I come from a province in which there are local legal arrangements for handling divorces. Why should I occupy my time in dealing with cases which come here from Newfoundland?

Mr. Stick: It is the law of the land and you are supposed to carry out your duty.

Mr. Knight: The hon. member says it is the law of the land. We change the law of the land every day that we live and come into this house.

An hon. Member: And the constitution.

Mr. Knight: Oh, the sacred constitution.

Mr. Fulton: Every other day we change the constitution.

Mr. Knight: I have heard the constitution put up as an excuse for every form of reaction in this house, the sacredness of this constitution. Have we not made our arrangements during my time here so that we can change that constitution independently? To me no constitution is sacred. Constitutions change as time goes on. *Tempora mutantur, nos et mutamur in illis.* Times change, and we change with them. As we grow we change our constitution. When the present arrangement for divorce was set up, I am sure that no one visualized the state of affairs which the hon. member for Portneuf so vividly painted for us. If a procedure were being established today, with this growing number of divorces, no one would set it up on this basis because we could not handle such a large number of cases. If this House of Commons is to be turned into a divorce court, not a pseudo or phony divorce court as we have it now, but a divorce court giving decent consideration to the affairs of these people, then we shall have no time to deal with anything but divorce cases.

When this procedure was established no one visualized this state of affairs, yet my hon. friends say they must stick to the constitution. The constitution must bend to the exigencies of the times. Was man made for the constitution or was the constitution made for man?

Mr. Gauthier (Portneuf): It is certainly more important than divorces.

Mr. Knight: I read in one volume of *Hansard* that when the arrangement was set up to handle divorces the hon. members of that day took two years to decide one case. Here we have forty, fifty or a hundred of these divorce cases passed en bloc, without any consideration whatever or, so far as I know, without a reading of the evidence in any particular case. Here we are passing them by the dozen or by the hundred without any consideration, at least in this place; the wheels of this divorce mill, which is the parliament of Canada, are grinding out these decisions.

We talk about the dignity and decorum of this house. In my time nothing has detracted from the dignity of this parliament more than this divorce business. Some members approach it with levity, some approach it with shame, but I think the most of us approach it with a feeling that we would be well rid of it. I was not elected to be an adjudicator in divorce cases; that is not what my people sent me here to do. I doubt if most of them know whether I have to deal with divorce cases at all. We are saddled with these cases, and I would urge that the members get them off our back, and the sooner the better. I agree with the Hon. Rodolphe Lemieux when he said that we should reform this thing and we should reform it at this session.

Mr. Gauthier (Portneuf): Why not reform the people?

Mr. Knight: The hon. member for Portneuf, who seems to be seriously concerned about this thing, does not want to make the transfer to the exchequer court. He thinks that will be an unsuitable court. He may be right. I do not know anything about courts. I do not know anything about the law. I only know the things that I think and the things that I feel. Since the hon. member has interrupted me, I would like to ask what he has to suggest as an alternative?

Mr. Gauthier (Portneuf): I said it last night, no divorce at all.

Mr. Knight: The hon. member has nothing to suggest because he knows, whether or not he likes it, there is always going to be a scheme for the obtaining of divorces in this country and for the citizens of his own province. He has nothing to suggest. What he did suggest was that if we could not do away with divorce altogether, then we should leave the present arrangement as it is. This arrangement, as I have described it, is certainly not an ideal condition. I say that if we were to assume our responsibility—I believe I said this before—and give to those cases proper—and I emphasize the word "proper"—consideration, we would have time to do nothing else. I deplore the number of divorce cases just as much as my hon. friend.

Mr. Gauthier (Portneuf): That is a good point.

Mr. Knight: The number of them is so great that it is a full-time job for some institution or some court, but I say that the court should not be this House of Commons which is, after all, fundamentally a legislative body. I therefore urge that this thing which has become a scourge to all of us should be removed from this House of Commons.

Mr. Speaker: Is the house ready for the question?

Some hon. Members: Question.

Mr. Speaker: Those in favour of the motion will say "yea".

Some hon. Members: Yea.

Mr. Speaker: Those opposed will say "nay".

Some hon. Members: Nay.

Mr. Speaker: In my opinion, the nays have it.

And more than five members having risen:

Mr. Speaker: Call in the members.

The house divided on the motion (Mr. Knowles) which was negatived on the following division:

YEAS

Messrs:

Argue	Johnston
Black (Cumberland)	Knight
Blair	Knowles
Bryce	Lennard
Cardiff	Low
Casselman	MacLean (Queens)
Catherwood	McGregor
Coldwell	McLure
Coyle	Murphy
Diefenbaker	Noseworthy
Dinsdale	Quelch
Fair	Ross (Souris)
Fulton	Stewart (Winnipeg North)
Gillis	Thatcher
Graydon	Tustin
Green	White (Hastings-Peterborough)
Harkness	White (Middlesex East)
Hees	—37.
Herridge	
Hodgson	

NAYS

Messrs:

Anderson	Langlois (Gaspe)
Applewhaite	Lapointe
Balcom	Larson
Bater	Leduc
Beaudoin	Lefrançois
Benidickson	Leger
Black (Chateauguay-Huntingdon-Laprairie)	Lesage
Blanchette	Macdonald (Edmonton East)
Boisvert	MacDougall
Bonnier	MacKenzie
Bradley	MacLean (Cape Breton North and Victoria)
Brown (Essex West)	MacNaught
Cameron	McCann
Campney	McCubbin
Cannon	McCulloch
Cavers	McDonald (Parry Sound-Muskoka)
Claxton	McIlraith
Cleaver	McIvor
Cote (St. Jean-Iberville-Napierville)	McLean (Huron-Perth)
Cote (Verdun-La Salle)	McWilliam
Cournoyer	Maltais
Crestohl	Masse
Dechene	Murray (Oxford)
Decore	Mutch
Dewar	Nadon
Dickey	Parent
Dumas	Poulin
Ferrie	Pouliot
Fleming	Proudfoot
Fournier (Hull)	Ratelle
Fournier (Maisonneuve-Rosemont)	Richard (Ottawa East)
Gagnon	Richard (St. Maurice-Lafleche)
Garson	Roberge
Gauthier (Lake St. John)	Rooney
Gauthier (Lapointe)	Ross (Hamilton East)
Gauthier (Portneuf)	Rousseau
Gingras	Sinclair
Gourd (Chapleau)	Sinnott
Harrison	Smith (York North)
Healy	Stick
Helme	Stuart (Charlotte)
Hosking	Tremblay
Howe	Valois
Huffman	Weaver
Hunter	Weir
Jeffery	Welbourn
Jutras	Whitman
Kirk (Antigonish-Guysborough)	Winkler
Kirk (Digby-Yarmouth)	Winters
Lafontaine	Wood—101.
Langlois (Berthier-Maskinonge)	

STATUTORY HOLIDAYS

PROPOSED OBSERVANCE OF DOMINION DAY AND VICTORIA DAY ON MONDAYS FOLLOWING JUNE 30 AND MAY 23

The house resumed, from Friday, March 21, consideration of the motion of Mr. MacDougall for the second reading of Bill No. 2, to amend the Dominion Day Act and the Victoria Day Act.

Mr. J. L. MacDougall (Vancouver-Burrard): Mr. Speaker,—

Mr. Speaker: Order. If the hon. member speaks now he will close the debate.

An hon. Member: Go ahead.

Statutory Holidays

Mr. E. D. Fulton (Kamloops): When this bill was last discussed sometime before the Easter recess I said, just before nine o'clock, that in view of the divergence of opinion which had been expressed as to whether or not the days on which these holidays are celebrated should be changed from the actual dates, namely, May 24 and July 1 respectively to the Monday nearest to those dates, I felt it was not an appropriate time to proceed further with consideration of the matter. I think I said on that occasion that as far as I was concerned no other time would be any more appropriate. I must say, Mr. Speaker, that I still hold that opinion; but since I have seen that the hon. member who sponsors the bill is anxious that debate should be closed—and I presume anxious that a decision should be taken—and since I am certainly not disposed, even if I were capable of thinking of sufficient things to say about it, to occupy the remainder of the time allotted for private members' subjects this evening, and if the hon. member is still of the same opinion, and unless somebody else shares my view, then undoubtedly a decision on the matter will be taken and we shall have the opportunity to indicate by our vote how we feel on the matter. Therefore I shall just take a very few minutes to summarize my reasons for opposing the bill at this time.

The subject matter of the bill asks us to authorize a change in the effective dates of the two holidays, both Victoria day and Dominion day. As to Victoria day itself, I must confess that I have not a very settled feeling that the date should not be changed, although I have a very definite feeling that the date of Dominion day should not be changed. After all, this country became one dominion under the name of Canada on July 1, 1867, and I have not yet heard any valid reason advanced why that date should not continue to be celebrated as the national holiday of this country, the date upon which in fact we became a nation.

The point is that if we make it the Monday nearest to that date we shall have six other dates besides July 1 on which that holiday could be celebrated; and I do not see that there is any other conclusion that could be drawn than that if we do that the holiday will lose its national significance. I share fully the views of those who feel that the question of giving another long week end is of entirely secondary importance. If it is our desire to give ourselves, the people of Canada, a long week end, that matter should be discussed as a separate issue. Just because somebody feels that it is desirable to have a long week end I certainly do not see that we should change the effective date of the celebration of

our national holiday. As has been pointed out in the course of the debate, it may well be that Dominion day would be celebrated on the fourth of July, which would be the same day upon which people in the United States celebrate Independence day. Someone has to think of that possibility. We must realize just how meaningless under those circumstances Dominion day would become.

I understand the hon. member sponsoring the bill has indicated privately that he would be prepared to accept the suggestion that the bill be separated into two parts, so that the part affecting Victoria day might be considered separately from that affecting Dominion day. As I said before, I have no strong objection to that part of the bill dealing with Victoria day, although I feel to some extent the same argument applies. My feeling would be that if Victoria day is to be celebrated as a holiday it should be celebrated upon the day the occasion arises, namely May 24. If on the other hand we wish simply to have another long week end, and if that is the object of the bill, then to be logical let us not celebrate them as Victoria day or Dominion day but simply fix a long week end about that period of time, without any mention of the name of the holiday or the occasion being celebrated.

At the moment I would be inclined to vote against the suggestion to change both days, but I would not oppose a suggestion that the bill be divided into two parts, if within the rules of the house that can be done, so that the two matters could be considered separately. It is my information, based upon discussions I have had with hon. members, that perhaps a majority would oppose changing the date of Dominion day, while perhaps not so many would be inclined to oppose a change in the date of Victoria day.

As I have said, I feel the same argument applies to both days. While I have strong views in regard to Dominion day, and would vote against the bill in its application to that day, if for no other reason, I would not oppose a suggestion that the bill be divided into two parts so that the two matters could be considered separately. If that is the desire of the sponsor of the bill, and if there is any way in which that can be done, perhaps we might proceed with that in mind.

Mr. C. W. Hodgson (Victoria, Ont.): Mr. Speaker, if the hon. member for Vancouver-Burrard (Mr. MacDougall), the sponsor of the bill, is prepared to separate it, I shall have very little to say. But if he is going to interfere with Dominion day, then I am prepared to talk the bill out tonight. However, it will be all right if he is going to split it.

[Mr. Fulton.]

Mr. Speaker: If the hon. member for Vancouver-Burrard speaks now he will close the debate.

Mr. J. L. MacDougall (Vancouver-Burrard): Mr. Speaker, I appreciate the unanimous consent given to my speaking at this time. Before the hon. member for Kamloops (Mr. Fulton) spoke, it was my intention to ask unanimous consent to make a statement. My statement is this, that I have listened to the objections made by various members to changing the date for the celebration of Dominion day. I rise to my feet with a scalpel in my hand, not only, with unanimous consent of the house, to amend the bill, but also to bisect it. If the house is prepared to give second reading, then immediately upon reaching the committee stage I would move that the title of the bill be changed to "An Act to amend the Victoria Day Act", that section 1 of the bill be deleted, and that section 2 be renumbered section 1 so that the bill would apply only to Victoria day, or May 24.

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

On section 1—*Dominion day.*

Mr. MacDougall: It is my intention to move that the title of the bill be changed to "An Act to amend the Victoria Day Act."

The Chairman: I would point out to the hon. member that the proper procedure would be to move first that the present section 1 be deleted. We will come to a discussion of the title later.

Mr. MacDougall: In conformity with your suggestion I move:

That section 1 of the bill be substituted by section 2, and that section 2 be renumbered as section 1.

Mr. Graydon: If the substitution of section 1 by section 2 means the adoption of that section, then I should like to take this opportunity to make a suggestion. I made it in the debate last session. It will be understood that I am working against time, and with no desire to hold up the bill. I do not believe however that it should be passed in its present form. This year the queen's birthday is to fall on June 9, the Monday after June 5, when it is celebrated in the United Kingdom. This brings about a condition whereby the two holidays would come very close together.

I was wondering if the sponsor of the bill would consider having the holiday on the Monday before May 24 rather than the Monday after. Otherwise we would be hiving

the holidays into a comparatively short space of time. It might be found at some stage that they were only a week apart.

I know this matter was discussed before, at which time the objection was raised that the suggested date for the celebration of Dominion day would interfere with the school year, and the examinations at the end of June. That would not apply however in respect of May 24. I would ask the mover to consider my suggestion, because I believe it would be preferable to have the holiday on the Monday preceding May 24, so that the holidays would be more staggered and would not come on succeeding week ends.

Mr. MacDougall: My only objection to the suggested amendment would be that there are ten provinces in Canada, all claiming banana belts. We know that all of them are not in banana belts. We know, too, that frequently May 24 comes in comparatively cold weather. I am thinking about the real benefit that would accrue by having the holiday later rather than earlier. I would not wish to mention any province that might be snowbound on the 24th of May, but I think all hon. members recognize that in some provinces the weather is still cold at that date. That was why I felt it would be more adequate if it were made "Monday following the twenty-fourth day of May."

Mr. Graydon: When we considered this bill before the question of the queen's birthday was not quite so prominent in our minds and it would seem to me that there is now an additional reason for the change which perhaps was not so obvious when the bill was being discussed before. I urged the mover to accept that change because it does seem to me to be rather ridiculous having two statutory holidays coming in the one week end, certainly in one year.

Mr. MacDougall: I accept the suggested amendment.

Mr. Diefenbaker: Has the hon. member given consideration to adding a clause providing that the bill shall not apply this year? In the event that it does pass I cannot see how it could apply this year having regard to prior commitments and plans and reservations that have been made.

Mr. MacDougall: I had not given particular consideration to that because I did not expect the bill would get as far as it has tonight.

The Chairman: Is it agreed that section 1 shall be deleted?

Some hon. Members: Agreed.

The Chairman: Is it agreed that section 2 shall be renumbered as section 1?

Some hon. Members: Agreed.

Motion agreed to.

The Chairman: Is it agreed that the section shall be amended by substituting—

Mr. Graydon: May I suggest that the word "following" in line 2 be deleted and the word "preceding" substituted therefor?

Some hon. Members: Agreed.

Mr. Graydon: May I ask why it is the "twenty-third day of May" instead of the "twenty-fourth day of May"?

Mr. Sinclair: The twenty-fourth could be a Monday.

Mr. Lennard: You will have your chance.

Mr. Graydon: Parliamentary assistant in a hurry.

Amendment agreed to.

Section as amended agreed to.

On the title.

The Chairman: The title must be amended in conformity with the suggestions made.

Mr. Fulton: I wonder if the hon. member would consider another amendment by adding a new clause providing that the bill shall come into effect on the first day of January, 1953?

Mr. Knowles: I realize that the hon. member is a lawyer but it should be "act" instead of "bill".

Mr. Fulton: I stand corrected.

Amendment agreed to.

Title as amended agreed to.

Bill reported.

Mr. Speaker: Shall the amendments be read the first time?

Some hon. Members: Agreed.

Mr. Speaker: Shall the amendments be read the second time and concurred in?

Mr. Fleming: It is a little difficult for some of us to hear what has been said during the discussion of the amendments and I wonder if we could have the precise wording of section 1 of the bill as amended?

Mr. Speaker: The motion before the house is not debatable.

Mr. Fleming: I was not debating, I was simply asking that the amendments on which we are to vote should be read.

Mr. Speaker: I think that it would be quite in order to read the amendments, but they

are not debatable. The title as amended is, "An Act to amend the Victoria Day Act." The preamble remains the same. Clause 1 has been deleted. Clause 2 is now clause 1 with the word "following" deleted and the word "preceding" substituted. A clause has been added reading:

This act will come into effect on the first day of January, 1953.

Amendments read the second time and concurred in.

Mr. Speaker: It being nine o'clock, the house will resume the business which was interrupted at six o'clock.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed consideration of the motion of Hon. Douglas Abbott (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Macdonnell (Greenwood), and the amendment to the amendment of Mr. Coldwell.

Mr. H. O. White (Middlesex East): Mr. Speaker, I rise tonight to take part in this budget debate principally because I have had an opportunity during the last ten days to discuss the budget with the people whom I have the honour to represent. I found that they were not surprised, but they were disappointed. Newspaper articles had indicated that there were not likely to be any great changes, but the people in the lower income groups were hoping for some relief in the way of income tax because of the ever-increasing cost of living. Apparently the political calendar was such that it was deemed advisable to reserve these deductions in taxation until a more important time.

Mr. Murphy: Call a spade a spade.

Mr. White (Middlesex East): We may have an election in 1953 or 1954 when these so-called surpluses can be brought out to perform the service they have performed before and help to win the election. I recall that in 1949, at the most critical moment, the right hon. Minister of Trade and Commerce (Mr. Howe) came through with a $25 million contract from Britain, to which I referred at the time as a phony contract. Today the farmers would be glad to see a real contract come through, because now we have lost every contract we had with Britain except in connection with wheat.

Yesterday, I understand, the right hon. Minister of Agriculture (Mr. Gardiner) threw into the laps of the provinces the problem of the cheese producers. Only this week in my own village a cheese factory which has operated for many long years closed its doors. Farmers are wondering just where this is leading, because after all the cheese industry was the market for much of the surplus milk produced during the summer months, and Canada's reputation as a producer of the finest Cheddar cheese was known far and wide.

The budget is a review of Canada's financial position and of the proposals to increase or decrease the income of the government for the ensuing year. As I said, many taxpayers hoped that a bit of relief would be forthcoming, but such was not the case. The only relief was given to pressure groups, of which I could mention three. Today we heard the Minister of Agriculture announce that there had been a further outbreak of foot-and-mouth disease in Canada. That is another serious blow to agriculture, coming just at a time when everyone hoped the disease had been brought under control and that in the not too distant future we would be able to re-enter at least one of our exports markets.

In my opinion the tax burden is becoming unbearable. It is said, as I think I mentioned in this house once before, that about one-third of our working hours are required to pay taxation. In the minds of many people there is a question as to how far this can be carried. If we were to go the whole way and do as Russia does, and work for the government all the time instead of one-third of the time as we do in Canada, it would not be a very big step to take as things are today. People do not mind taxation to meet the pressing needs of the country. They do not mind taxation for national defence or to carry on the regular business of government, but they do resent being taxed for things that are not budgeted for. They do resent taxation when they see money wasted or thrown away. I am going to mention once again the $49 million provided for public relations, information, leaflets and publications that are sent out. In my opinion the press of the country could do the job as well, if not better, without any expense to the taxpayers. Probably more people would read it, too, because today most people take a look at all the literature they receive in the mail from government sources and unless it comes from the income tax branch they throw it into the wastepaper basket. Some would like to throw their mail from the income tax department there also, but they dare not. After the first shock was over and people had time to digest the budget a bit, and see that while the government were giving with one hand they were taking away with the other, I heard this comment. People were reminded of the funeral service, and

the words "the Lord has given; the Lord has taken away". Another thing the taxpayers resent is the sort of thing which was announced just recently, the pilfering and looting going on at the military camps, especially Petawawa. When they begin to take railways and everything else they can lay their hands on, it becomes a serious matter.

I want to come back to our loss of markets, because after all it is only through exports that we are able to pay our taxes. Now that we have lost the markets for our agricultural products and prices are decreasing, I am wondering where the government is going to get all the money it needs. I have here a clipping from the London *Free Press* of April 16, and perhaps instead of interrupting the members from British Columbia will listen to this:

> Salmon contract with the United Kingdom not renewed, the canneries say. Great Britain will buy no canned salmon from British Columbia this year, it was confirmed today by a spokesman from the canneries.
>
> In 1951 Britain bought $6,700,000 worth of B.C. salmon. Australia, New Zealand, South Africa discontinued salmon orders some time ago, and other foreign buyers decreased their purchases.

Not long ago in the supplementary estimates we voted something over $1 million for the apple industry in Nova Scotia and British Columbia. The apple growers of Ontario and Quebec are paying their share of that amount. In other words they are subsidizing the growers on both coasts, and then finding themselves competing with this subsidized fruit which is sent into these two provinces. Of course one thing the Minister of Finance (Mr. Abbott) has achieved since 1939 is a fifty-cent dollar.

I feel quite sure Canadians would be prepared to buy a goodly amount of British goods in order to build up a market there for Canadian farm products, because in that way Canadian dollars would be made available to purchase goods in this country. But apparently it is the avowed purpose of this government to have nothing to do with the empire or the commonwealth, or with Britain, though for many years they have been the market for Canadian farm products. Since 1939 we have had 143 contracts in those markets. Now nothing is left but wheat. The contracts for apples, cheese, bacon and everything else have disappeared.

When we were dealing with the supplementary estimates an amount of $35 million was also set aside for the refinancing of Polymer at Sarnia. It was my understanding that this plant had been already financed, so it would seem that this $35 million has been just swept under the carpet so it can be dragged out again for the next election. Then there was the building up of the civil service pension fund, $75 million. I see no reason why that could not be used to assist. It was a way to hide an extremely embarrassing surplus that the minister had on his hands. I noticed that in his budget speech he forecast that in the years that lie ahead taxation could be reduced. I wonder if he is any more accurate in that forecast than he was in the forecast of a $30 million surplus for this year which turned out to be—you see so many representations about it that I do not know exactly—around $356 million. At one time it may have been ten or twelve hundred million. If the minister can be that wrong in one forecast, he can be just as wrong about the reduction in taxes in the years that lie ahead. I can forecast when taxes will be reduced, and that is just before the next election. I think the electors of this country are just as much aware of that as I am. They were taken in in 1949 by that method, but I do not think they will be caught so easily the next time.

The Minister of Finance was greatly concerned about having a healthy state, but it is just as necessary to have the taxpayer in a healthy state. If the taxpayer is not in a good financial position, certainly the tax collector's income is not going to be very good.

A day or two ago I asked a question of the Minister of Public Works (Mr. Fournier) concerning the possibility of some aid to Pelee island. I am glad that on that occasion, while I could not debate the issue, the Prime Minister (Mr. St. Laurent) took it upon himself to reply. The press mentioned the fact that I was the fifteenth Tory who had asked for some relief for the dwellers along the Great Lakes because of the damage being done by high water. Under the rules I was not able to discuss the issue, but could only ask questions. I want to point out to you, Mr. Speaker, and through you to the government that not so long ago aid was given to Rimouski and Cabano because of the loss through fire. Fire insurance was available to the people of that area but Pelee island is in a different position, different even from the coast line on the great lakes. The principal part of the island is below the level of the lake so that once the water gets over the outer rim the whole of the island will be under water.

This island produces a lot of agricultural wealth. I suppose there is more income tax per farm paid into the coffers of this government from that area than from any other like agricultural area in Canada. In addition to that it is a spot where many United States tourists spend a lot of money during the summer months. We are always anxious to obtain United States dollars. Then those

tourists, and some of the Canadians I presume, buy some of the spirituous liquors on the island. Not only the provincial but the dominion government gets some income from that. If this island were situated in the arctic or on the other side of the world, we would have a research group, technicians, military observers and experts on it. We would be spending money on it, but here we have an island which is peopled by taxpaying Canadians and the government refuses to spend any money on it. I believe that is one of the things that are bothering a lot of people back home, the fact that we have money for every other place in the world but we cannot protect our Canadian taxpayers at home.

Mr. H. W. Herridge (Kootenay West): In view of recent press reports indicating a decidedly unconventional disposal of government property under the jurisdiction of the Department of National Defence, prior to yesterday it was my intention to move the adjournment of the house to discuss a matter of urgent public importance. However, quite naturally the leader of the opposition (Mr. Drew) had the first go at that proposal and he was ruled out of order. I am taking your advice, Mr. Speaker. When you ruled the proposal of the leader of the opposition out of order you suggested that we would have an opportunity to discuss this matter of urgent public importance during the budget debate. This evening, therefore, I am going to take that opportunity for a few minutes and deal with a question which, in my opinion, and in the opinion of quite a number of the members of this house, is of considerable public importance.

In my opinion the Department of National Defence at this time has a tremendous responsibility to this house and to the people of Canada. When you realize that, under these conditions, the department will be spending over $2 billion of the Canadian taxpayer's money or something over half of the Canadian budget, I think that huge expenditure means that this house has to give the closest scrutiny to the estimates of the Department of National Defence. This house must not, because of time or personal convenience, attempt to limit discussion of this important matter. I believe that the members are entitled to complete and detailed information from the minister when his estimates are before the house. There is no question about that. Mr. Speaker, as a result of the recent press reports and the statement the minister made in the house yesterday, public attention across Canada is now focused upon the Department of National Defence.

[Mr. White (Middlesex East).]

I am sure that every member in this house was glad to hear the minister's statement concerning the recent unfortunate happenings at Petawawa, and the fact that a complete investigation was to be held at Petawawa and other places across Canada. I trust that even at this late date the minister's investigation will be thorough and complete and will cover all parts of Canada where national defence expenditure is taking place. I was very pleased also to hear that the minister has engaged a former deputy minister, who is known across Canada as an exceptionally competent chartered accountant, to assist the departmental officials in an examination of the records, accounts and accounting system. The members of all opposition parties in this house, particularly during the last two or three years, have expressed their concern over the methods and procedures and expenditures of the Department of National Defence. I think I am safe in saying that the minister has been inclined to brush aside those criticisms and those suggestions advanced by members of the opposition. More than that, I think members of this house have repeatedly expressed concern on a number of occasions about expenditures. Evidence from the Department of National Defence, as presented by officers of the various branches of the Department of National Defence, indicates that some of these officials were aware of the deficiencies in the administration of the department and were concerned about them. They were aware of and concerned about waste. They were aware of and concerned about duplication; and they realized that there was a certain lack of co-ordination within the various services of the Department of National Defence. They were aware of expenditures without any thought of the taxpayer who is footing the bill. To support that statement I just want to quote briefly from a few excerpts in order to indicate that even some of the minister's prominent officials were aware of the deficiencies in his own department. For instance, a naval memorandum dated October 26, 1949, read in part as follows:

> Instances are continually being reported of excessive demanding by ships and establishments for consumable stores. A good example is the extravagant use of paint without reference to the limitations imposed by naval general order 23.00/10.

I might say that the memorandum also drew attention to the growing tendency of asking for two things when one would do. When the hon. member for Greenwood (Mr. Macdonnell) was speaking in this debate this afternoon I think he gave a good illustration of this tendency when he mentioned the number—I forget the exact original figure;

I think it was some 60,000—of serving forks that were ordered for the use of the Department of National Defence. After protests on the part of the member and possibly on the part of others we finally were informed this afternoon that the order for approximately 60,000 was reduced to 14,000.

Then, Mr. Speaker, I can produce further evidence of the department's own willingness to admit waste. A national defence memorandum of May 11, 1950, stated in part:

> It is noted with great concern that the use of Form HQ 48, Department of National Defence envelopes, has reached the fantastic figure of approximately 300,000 a month.

That statement was made before the public accounts committee on May 24, 1951, and is to be found at pages 460 and 462 of the committee's reports.

In that connection I might say that my opportunity to investigate national defence is circumscribed and limited, but I remember on one occasion being at a certain headquarters. There I saw stacks and stacks of unused forms; there was a supply of forms that I would say was in excess of the ten years' requirements of that establishment. In the ordering of these forms, in the way they were stored, in the way they were being wasted—in one case even being used to light the fire—there was indicated a complete lack of concern about the costs of these forms and these supplies to the taxpayers.

Mr. Claxton: Which war was that?

Mr. Herridge: I will give the minister the name of the establishment after I have finished speaking. Once more, Mr. Speaker, I want to give proof of the unconcern about the costs and the waste of the taxpayers' money. Department of National Defence memorandum from the vice-quartermaster general to the deputy chief of the general staff dated December 13, 1948, as tabled before the public accounts committee on May 24, 1951, found at page 465 of the committee's reports, reads in part as follows:

> The question of whether or not we can afford to undertake these projects does not seem to come up for examination until they are reflected in our annual estimates.

I think that attitude of mind has been proven, Mr. Speaker, on a good number of occasions across Canada. I want to make this point. I am not this evening speaking of the Department of Defence Production. I have no hesitation in saying that I think Canada has been most fortunate in having as deputy minister of the Department of Defence Production Mr. Mackenzie who, from all accounts, has done an excellent job for this country. I might say at this time that I think it is most unfortunate that the public service of this country is in the near future going to lose his services to private business.

I think that attitude on the part of the military to plan extravagantly without concern about the cost to the taxpayer, to plan elaborately, or as this statement says, "to undertake projects that do not seem to come up for examination until they are reflected in our annual estimates", has been indicated on a number of occasions. I think the minister will know that on a number of occasions across this country the Department of National Defence has indicated the necessity for a certain building and then the tenders to construct that building have been too high for the money provided. Then the Department of National Defence has had to trim its sails a bit, do away with some of the frills or some of the unnecessary things, and finally the building has been constructed at a cost within the estimate and has proven quite satisfactory, and sufficient.

I want to be quite fair. I think the situation is rapidly improving, from what I have been given to understand; and I think the present minister has done a great deal to improve the co-ordination between the different branches of the various services of the Department of National Defence. But in my opinion there is no question that there is still a certain amount of interdepartmental jealousy that prevents the best of efficiency, and that is not to the advantage of the taxpayer or of the defence effort as a whole.

Even the Industrial Preparedness Association mentioned this fact in its bulletin of April, 1951, and at the same time said that the army was being starved for the benefit of other services. I understand that the Industrial Preparedness Association is an association of manufacturers working together with a view to securing some efficiency in the production of defence needs. You do not usually expect them to be critical of defence procedures; but in that bulletin of April, 1951, even they were critical of this aspect of the administration of the Department of National Defence. To indicate further that there has been interdepartmental jealousy and some lack of co-ordination, I want to quote as follows:

> At the air force's 25th anniversary banquet in Ottawa on April 1, 1941, a former chief of air staff, Air Marshal L. S. Breadner, publicly deplored the fact that the navy had infringed on air force priority in the air, and said of the decision: "It is ridiculous—absolutely ridiculous. Air forces the world over are not too well recognized even yet. The other services have not given up the fight to subordinate us one iota." The next day an embarrassed government official said that Canada's navy would continue to invade R.C.A.F. skies "whether Air Marshal Breadner likes it or not."

I think that this house must insist on intelligent co-operation and planning between all the services, regardless of the jealousies that may arise from latent traditions, priorities and things of that sort. We must insist on intelligent co-operation and planning in this department if we are to get value for the taxpayer's dollar.

I have quoted a few excerpts and given a few illustrations of the opinions of persons in important positions in the Department of National Defence. Before proceeding I want to quote one more person's opinion on matters of defence, an opinion that is respected in this house and in the country, an opinion of a gentleman with a long and excellent record as a professional soldier, and with an excellent parliamentary record. I refer to the hon. member for Nanaimo (Mr. Pearkes). I find that on page 2810 of *Hansard* of May 8, 1951, the hon. member for Nanaimo said:

> I have never known an admiral, a general or an air marshal who did not begin by asking for more than his share of anything.

Who speaks with better experience in this house than the hon. member for Nanaimo? To ask for more is a natural failing. Perhaps some of us practise it in other directions. But who should know better than the hon. member for Nanaimo, and to whose advice should we listen more than to the hon. member for Nanaimo when it comes to speaking from experience in military affairs? This attitude mentioned by the hon. member for Nanaimo, and attitudes indicated by other statements I have mentioned, show a state of mind that spells waste and unnecessary expenditure of the taxpayer's money, unless it is arrested by the supervision of the minister's senior officials, by constant vigilance and by the greatest co-ordination between the various services.

This waste and unnecessary expenditure are caused without doubt, on the evidence of what has happened recently at Petawawa, by lack of satisfactory and adequate supervision, by lack of co-ordination, and without a doubt by the state of mind that I have mentioned, which has little regard for the cost of this service to the taxpayers; by the state of mind that fails to remember from day to day that this money is provided as a result of the work and the toil and the sweat of the producing and working people of this country.

Well, I have attempted to give some evidence to prove that waste and lack of co-ordination exist. I wish to give one or two illustrations of the state of mind that I have been talking about, the state of mind that I would say illustrates a complete lack of understanding of the working of the processes of democracy, of an understanding of the principles of government economy, and an understanding of responsibility to the Canadian people. The incidents I shall mention will be trifling in some instances, because this department is different from other departments. As I said before, it is different from the Public Works Department, where you can go and look at the wharf and see what you got for your money, or where you can go and look at the public building and see what you got for your money. Because of the necessity, and the proper necessity, for secrecy in some respects in the Department of National Defence, and because of the innate nature of the expenditure and the purpose of the expenditure, it is very difficult for a member of parliament, or for any person, to detect the expenditures of the Department of National Defence and be at all certain that the people of this country are receiving value for their money. It is on that account, Mr. Speaker, that I maintain that the heaviest responsibility, so far as public expenditure is concerned at this time, rests upon the Minister of National Defence (Mr. Claxton), and also because of the vast amount of expenditure and the peculiar nature of the department which he is called upon to administer.

I frankly admit, Mr. Speaker, that we all recognize the minister has a very heavy task, and that he has been working long hours for many months. We give him credit for that, and any suggestions we have to make from this side of the house are not made in a harping or critical spirit, but they are made in an effort to be constructive and co-operative in the administration of this department.

As I said before, Mr. Speaker, the average member in this house, or the average citizen, has little opportunity to deal with big things, and in fact, in many respects, he is not competent to do so. But sometimes small events, small incidents, indicate a state of mind, as I said before, the direction in which the wind blows. I am going to bring to the attention of the house a few things that have come to my notice in travelling about this country, and I trust that in his examination of the situation the minister will continue to do all he can to stamp out this state of mind and to arrest its development. This is the state of mind that I mean, that does not consider the public purse. I got on a train once, a branch line, meeting a main line train. This is not recently. A colonel got out of the drawing room on the main line track and got onto the branch line train. The branch line train had no chair car. It just had two day coaches. He arrived on the train and he said to the conductor: "Where is the chair car?" The conductor said: "There is no chair car on this

train, sir. You have to sit in this coach." In the coach there were the ordinary working men and their wives, the ordinary people of Canada. Well, this self-appointed nobleman straightened up and said "Impossible! I am not going to ride with these people." And he got off the train and he telephoned, and this country paid for a car to travel forty miles along a road parallel to the railroad because this gentleman was not going to ride in an ordinary day coach twenty miles to his destination. I just use that as an illustration. I am not suggesting that there are large numbers like that. That is the type of man who is not concerned with the expenditure of the people's money and does not understand responsibility in the real sense of the word.

I was coming to Ottawa for a session, and the train stopped at a prairie city for 40 minutes. Like most people, I got out of the train and walked around the station. I went to get back about twenty minutes before the train left. A C.P.R. constable was standing there. He said: "I am very sorry but you cannot get on. They are switching sleeping cars, or something." So we stood there. In front of me was a lady with a baby in her arms. Along came a brigadier and he said: "Stand aside, please." So the lady with her baby in her arms stood aside, and he went on to the platform and got in a coach. I said to the C.P.R. constable: "Why did you let him through and keep the mother with her baby in her arms standing here for twenty minutes?" He said: "Sorry, sir, that is orders; he is a brigadier." That shows a complete lack of democracy and of the things we stand for.

Mr. McCusker: Will the hon. member permit a question? I want to ask the hon. member whether that is the same colonel that he stated he had cleaning out his pigsty and his cow barn last year?

Mr. Herridge: No, it is not the same gentleman at all.

Mr. McCusker: That was recorded in *Hansard.*

Mr. Herridge: Quite right. I have just mentioned that a group of people were irritated by this lack of consideration, this thoughtlessness. You should have heard the comments of some of the elderly ladies around there, because they were not at all complimentary. One lady said, "Where does that red-headed woodpecker think he is going? What does he think he is?"

I mention this in all seriousness, because little things are things that disturb people and do not add to unity or to the development of a spirit in which we are all working together to the same end. When I got on the train I thought that I would see where this gentleman had placed himself. I found he had a drawing room although he was going only a hundred miles. Is it necessary to have a drawing room to travel a hundred miles on a train? I say that was a totally unnecessary extra expense.

I mention these things realizing that while the sums involved may not be large, they indicate the state of mind involved. I do hope the minister will do everything possible to check that sort of thing, because, while the amount involved may be small, it does bring about considerable public irritation and does not improve our defence effort.

I should like to deal with another matter brought to my attention because, while it is only a minor thing, it does indicate a lack of thought for the expenditure of public money. I was talking to a permanent army sergeant who is to be retired at the end of this year. This man told me he was going on a course which would last six months. I said, "What for?" He said, "It is a course in modern weapons", to which I replied that I thought it was a useless expense. Here was a man who was approaching 21 years of service and was being sent on a six months' course on the latest type of weapons, with a view to instructing others in the use of those weapons. Surely it is not in the interests of economy to give a course to a man who is about to go on pension. The giving of the course would have no value to the Canadian taxpayer, because in a short time this man would not be in the army. I mention this to show a lack of consideration for the taxpayer's dollar. When I mentioned my view to the man he said, "Well, why should I worry?" I had told him that I thought it was a totally unnecessary expense. However, I did not tell him who I was because, as I said before, I like to travel incognito.

All this indicates that there has to be a determined drive from the top to have some persons realize that this money is the taxpayer's money, and that it should be spent to the best possible advantage. I have every respect for the minister and his deputies. I believe his deputies are striving to do their best, and, while possibly under some handicaps, are making every effort to improve the services.

Then, I would pay my respects to a number of men I know who are serving in the reserve army. I know some good officers and men who are giving their evenings, and some considerable time in the summer, to assist in the reserve army, and I am convinced that they do not receive the credit they should. Those men give careful consideration to expenditures, and are trying to

carry on with limited equipment, and with a view to developing a corps which can give service to this country.

I was greatly impressed recently by the keenness shown by some young engineering officers, and the concern they showed with respect to expenditures, and what equipment would cost. We have large numbers of those people in the services, and I pay my respects to them, to their efficiency and their integrity.

While it is our right and duty to criticize, I must say that in this country we are very fortunate, when we stop to compare the situation in this country with that in the United States.

Mr. Sinclair: Or anywhere else.

Mr. Herridge: No one questions the integrity of the minister or his officials. One does not hear things said in Canada about ministers and officials that he hears in the United States. All we question is procedure, methods, supervision and administration, and we bring these important things to the attention of the minister.

Mr. Claxton: It would be nice to have some names, too, so that we could check on the stories related. I would be glad to have them.

Mr. Herridge: I will give them. The hon. member for Regina City (Mr. McCusker) seems to think this is a laughing matter. I would point out to him that this is a question involving the taxpayers' money, and that it is not a laughing matter.

Mr. McCusker: I was not laughing. When the hon. member spoke last year he referred to having two senior officers, a colonel and a major, cleaning out his pigsty and cow-barn; and when he was talking about the great expense of transporting staff I was wondering if, perchance, he was referring to those two officers who were cleaning out the pigsty and the cow-barn. I do not consider it a laughing matter when an hon. member is making insulting allusions to the army.

Mr. Macdonnell (Greenwood): You were laughing, and several others, too.

Mr. Herridge: I did not make any insulting allusions to anyone; and I hope that is the last time the hon. member will play that record.

Mr. McCusker: Mr. Speaker, if we are to have it on the record, then let me say that I did not try to break the record; the hon. member tried to efface it from *Hansard* last year.

Mr. Herridge: I am trying to suggest some reforms here this evening. I am always in favour of reforms many of which we have not obtained to date. But, in so far as the hon. member for Regina City is concerned, I would have no hesitation in advocating chloroform.

Mr. Knowles: Pentothal is quicker.

Mr. Herridge: I suggest the minister should investigate such things as this, including the hours of work put in by administrative officers who are doing clerical work, with a view to finding out whether there are too many men doing too few jobs. I make that suggestion because I have heard a good deal of talk, and I do not know the facts.

I suggest that the minister should investigate qualifications for the receipt of flying pay. Along with the hon. member for Greenwood, I say there could be an investigation to see if there is any excessive use of telegrams and telephones. I believe the hon. member made a good suggestion this afternoon when he said that possibly many of these communications could be carried out by ordinary airmail.

Then, in connection with unnecessary travel, I realize of course the difficulty in centralization, that if there is too much centralization there is often not as much flexibility and efficiency. Unless there is a watchful eye on them all the time, there is a tendency on the part of some people to travel unnecessarily and to use expensive forms of travel. I do suggest the minister should go into this matter of travel, and any unnecessary expense in connection therewith.

Then the hon. member for Greenwood made a further reference to the unnecessary and wasteful use of paper and stationery. Waste occurs even in businesses of any size which are not checked up. It is so easy to stack forms, waste them and fail to use them properly. Also I suggest that he investigate the purchasing of gasoline for army motor vehicles, particularly when it has to be purchased in relatively small quantities.

We recognize that it is the minister's responsibility to have a complete investigation made of all the instances that have been brought to light. It is the minister's responsibility to adopt methods and procedures that will provide adequate supervision with adequate local responsibility. It is the duty of the minister and his officials to do everything to eliminate waste.

It is the duty of members of this house to get the facts and details so far as possible from the minister when his estimates are under discussion. We must watch as carefully as we can over expenditures and make constructive suggestions. Further than that, I think the Canadian people have a responsibility. At the present time their attention

is focused on the Department of National Defence as a result of recent happenings at Petawawa, but that is not sufficient. If government, if parliament is to remain at a high level of efficiency and function properly the Canadian people must be concerned about the administration of the various departments of government. The Canadian people can play a great part by showing the government that they are interested and concerned, on this particular occasion, about the affairs of the Department of National Defence. They must show by continued interest that they are concerned that we obtain good value for the taxpayer's dollar.

Mr. F. E. Lennard (Wentworth): Mr. Speaker, there are two matters I should like to place briefly before members of the house. The first is one which I have brought up on other occasions during the past few years, the serious erosion of the shores of our great lakes. On February 12 of this year an important meeting was held at the Brock hotel, Niagara Falls. This was attended by municipal authorities and land owners along the shores of lake Ontario from Niagara-on-the-Lake to Toronto and by members of the Lake Land Development and Beach Protective Association Incorporated of New York state.

After considerable valuable discussion it was decided that the two governments should be petitioned to take immediate action. As far as the United States end of the business was concerned, the United States department of state approached the Canadian government on February 22 requesting that this matter be brought before the international joint commission. According to press notices of the following day the Department of External Affairs stated that this was not by any means the way to deal with this matter, that it should be dealt with in some other manner concerning which so far I am a bit in the dark. I have requested that correspondence between the two governments be produced but so far this has not been done. Sometime in the future we may learn the true picture.

Most certainly this is an international matter, it is not one for Canada to deal with alone. This business of passing the buck between the province and the dominion in connection with lakeshore erosion has been going on for the past seven or eight years. I feel that this matter is of such vital interest to Americans and Canadians living along the shores of our great lakes that it should be taken up by the international joint commission. I am unable to understand why the Canadian authorities did not agree to this when they were approached by the state department.

When the opportunity arises later this session I shall probably have a great deal more to say on this serious matter of lakeshore erosion. It is a serious matter because people are losing their homes and farmers are losing their fruit land. The great Niagara fruit belt is gradually being worn away, as I have stated before. Nobody seems to care very much about it as far as our governments are concerned, and I am referring to the provincial as well as the dominion government.

Another matter with which I wish to deal momentarily this evening will also likely receive attention later on. I think this calls for some answers from the government. Sessional paper 18A was brought down as a partial answer to some questions which I had asked this session. One question was:

> How many contracts for defence footwear were let from April 15, 1951, to February 29, 1952?

I also asked the amounts of the contracts, to whom they were let and at what price. I did not secure all the information that I desired because the return does not indicate the number of pairs of shoes contracted for, simply stating the amounts of the contract, the different firms to which contracts were let with the amounts, and the total amount.

At the present time the total number of our armed forces is under 100,000, and that would include all men, women and children. The total of the contracts awarded for footwear in this ten-month period was $15,292,241.70. I do not know whether members of the armed forces are provided with walking-out shoes, combat shoes, mess footwear, dress shoes and all that sort of thing, but if the shoes were contracted for at a cost of $15 per pair that would mean over one million pairs of shoes for the 100,000 personnel in our armed forces. That is over ten pairs of shoes for every man, woman and child. I include children because some of the contracts were let with baby footwear companies.

I think it is the duty of the government to inform this house as to the number of shoes contracted for in this period. I regret that I did not ask for the contracts let in a longer period but I thought that my questions would provide the information I desired. I think it is the duty of the government to provide this house with detailed information in respect to this huge quantity of footwear contracted for during that ten-month period, because to me that seems enough shoes to equip the armed forces for the next six or seven years at the present rate of enlistment.

As I say, my questions were not fully answered, and I would ask that the Department of Defence Production look into this matter a bit more thoroughly. I also understand that this answer merely indicates the

amount of leather footwear procured for the armed forces, and does not include the rubber footwear also contracted for during that period. If the whole picture were shown, the amount might be far greater than is indicated by these contracts.

In conclusion I repeat that it seems to me an expenditure of more than $15 million to equip our armed forces with footwear, when they number well under 100,000, is exorbitant. This would seem to be just one more indication of the lavish way in which these defence contracts are being let and have been let for several years past.

Mr. Clarence Gillis (Cape Breton South): Before I begin to talk about the budget I would like to say a few words in reference to what was said by the hon. member for Kootenay West (Mr. Herridge) and others in regard to defence expenditure. When the present defence set-up was discussed in this house I, along with others, argued that no one man in this country could handle the business of national defence and look after the interests of three departments, the army, the navy and the air force; and I have not changed my mind. Any man who tries to do that job, I do not care how brainy he is or how strong he may be physically, is not going to last very long. Anyone looking across the house at the present minister will realize that he has been asked to carry a load that has just about got him down.

When this set-up was being discussed I argued that at least there should be another minister, a minister for air. We are practically back to where we were in 1940. We are starting to re-organize our air force on a new basis, and judging by the recruiting campaign that is going on it is not going to be a small force. No minister can handle those three departments, check and sign the requisitions himself, and determine whether or not the money is being spent wisely. We did not get much support for our suggestion that another minister be appointed. Three deputy ministers were appointed, however, and they are doing a good job. They can handle the correspondence, but don't forget that when decisions are made or large requisitions come in, the minister has to look at them and decide. He has to make all the decisions; he also has to run around the country doing the inspecting and so forth.

At that time we suggested that a defence committee be set up in this house; not the public accounts committee, who merely take a look at the public accounts and try to check expenditures and so on, but a competent committee of this House of Commons. In my opinion such a committee should have been sitting, dealing with defence expenditures only as they are made from month to month. I believe such a committee would have been very helpful to the minister; and it might have helped prevent the sort of thing we are seeing at Petawawa. That leaves a pretty bad taste in the mouth of the average man who is paying high taxes. He does not object to paying high taxes if he knows he is getting something for them; but when he reads the sort of story that came out of Petawawa the average man is led to believe that instead of organizing an army, spending your money wisely and doing a patriotic job, you are just setting up a gangster machine which is in there to get everything it can for itself. It is pretty bad, and I hope the situation will be cleaned up soon.

However, I have no intention of taking a whip and starting to beat the Minister of National Defence (Mr. Claxton). I have a fairly good realization of what he is up against. I know it is not humanly possible for any one member of this house or any one man outside this house to go in there and do the kind of job that man is expected to do. The sooner the government smartens up and realizes that more help of a ministerial nature is required, the sooner we will get away from this gangsterism that is going on in connection with the unwise spending of our money. I still think that defence committee should be set up in this house. It should be meeting continuously and examining national defence so the house would be assured the money was being spent wisely, and kept informed as to the plans of the department.

I got up primarily to talk about the budget. Whether or not we agree with the minister, I like to see a job well done; and I do not think any member can deny that when the minister presented his budget he gave one of the best exhibitions of footwork I have ever seen in this house. I think that was the best speech he ever made, and I compliment him on it. He was right on the bit and was inspired that night. I admire a good job, whether or not we agree with all the minister said. It was pretty hard to catch him out then, but we have had a lot of time to think it over since.

I am not going into the facts and figures the hon. member for Rosetown-Biggar (Mr. Coldwell) dealt with this afternoon. I do not like to duplicate a job done by somebody else. To the extent that he could pull something out of the mess of words the minister put on the record, I think the hon. member for Rosetown-Biggar did an excellent job of showing that taxes were not lowered but that in fact in the over-all picture there

would be an increase this year. The hon. member showed that the budget was not popular and was not an election budget. But it is a good let-down now for a build-up later on, and that is not bad strategy either. I believe the hon. member for Rosetown-Biggar made a good case this afternoon, and I am not going to duplicate it. We gave him the job of giving the main talk, and I think we should leave it with him.

However, I should like to say this on the question of medical expenses. I believe the minister slipped up a bit there. I believe that floor should have been taken out altogether. It seems to me a person should be able to charge all his medical expenses, and that there is a great deal of discrimination in the application of that feature of the budget. For example, in upping the ceiling the minister did give relief to the person who is able to go to the Mayo clinic, and who can write a cheque for a couple of thousand dollars. If you can go to Dr. Penfield and write a cheque for a couple of thousand dollars, you get some relief under the change made by the minister. However, by leaving that floor in the act the person who can merely take care of ordinary medical expenses gets little relief. In a lot of industries throughout this country there is a system of paying the doctor and the hospital by the check-off, just as you pay your taxes. In my end of the country that system has been in operation for a good many years. It is a group system whereby the doctor is paid $52 a year and there is a subscription rate for the hospital of $52 a year. This $104 is paid as an insurance, and perhaps 50 per cent of the people who pay it never receive any benefit from it because fortunately they have no sickness. They pay in order to help the fellow who is sick most of the time. Out of an income of $1,600 or $2,000, that $104 per year is a heavier burden than the $2,000 for the man who can write that cheque and who receives exemption for it under this new regulation.

If the minister had removed that floor and had permitted the deduction of the type of payment I have described for medical expenses—the system I am talking about only covers ward charges and there is an addition to that if you happen to go into hospital but at a lower rate than if you were not a subscriber—the ordinary man would have obtained some relief. I still think the minister should give consideration to that. It is seldom that a budget is changed, but if the minister wants a good election budget next time he should remove that floor so that those in the lower income brackets who try to maintain some kind of insurance for themselves against sickness will be able to write that off for tax purposes.

There are other items that I should like to bring to the minister's attention. Practically every business in this country is allowed to write off the purchase of new equipment or a Neon sign in so far as income taxes are concerned. These things can be charged to operating expenses. Commercial travellers can write off their expenses in travelling, and make certain deductions for the use of their cars. I should like to bring a specific case to the minister's attention. In this budget he has permitted the deduction of union dues for tax purposes, and that was welcome. I have had representations, and no doubt the minister's department has also always had representations from industrial workers on many occasions. I am going to take the coal miner as an example. He has to purchase his explosives with which he blasts the coal. This runs into quite an amount of money during the year. Secondly, he has to purchase a certain type of hat which he buys from the company. It is a hard fibre hat to protect his head and save compensation costs in the event something falls on him. In addition to that, he has to purchase a certain type of shoe with a metal toe-cap. Then, if a 180-pound machine falls on his toes it will not crush them but merely jam them up a bit. The explosives, the hat and shoes are the tools of the miner's trade. They are a part of the machine of production. It is necessary for him to spend that money and secure the equipment in order to produce coal.

If the merchant and the commercial traveller, all those persons doing business, are permitted for tax purposes to write off the money spent on expansion or improvement of their business, I do not see why the minister would not give serious consideration to permitting the coal miner to deduct the cost of purchasing that type of equipment. I am putting this on the record so that when the next budget is being prepared the minister can give some consideration to what I have said.

While I am on that point, I should like to say that democracy is never taken from you in one blast. It is slowly but surely chiselled off a little at a time. I was rather disappointed that the government did not give serious consideration to the vote of the house concerning deduction of medical expenses. I say that in all sincerity. I remember the vote of this house on the milk subsidy. Later on, it was changed by order in council. I remember that the veterans affairs committee brought a recommendation

into this house that a half acre of land would be the requirement to come within the scope of the small holding section of the Veterans Land Act. This recommendation was accepted in the house and a short time after we left here, to my disappointment, the land requirement was stepped up by order in council to three acres, thus eliminating hundreds of applicants who would have qualified under the recommendation made by the veterans affairs committee. I am afraid that in this day and age, when the tendency is to usurp the powers of parliament as a government by the people, you are setting precedents, and if you allow that to continue you will arrive at the position where the House of Commons will be a place in which people can talk but not much attention will be paid to them. Slowly but surely the supremacy of parliament is being lost. It is a development that I do not like to see.

When there is a free vote in this house I believe the government is morally obligated to accept the results of that vote. If a vote were taken in most fraternal organizations or trade unions across the country, I do not think there is any officer or any executive who would for one moment consider that they could take action contrary to the vote cast by the membership. I am a little bit leery of this business of a small group like the cabinet taking the power unto themselves to say that the House of Commons did not know what they were doing when they voted. Three times since the end of the war that type of action has been taken, and I suggest that members on the government side, particularly the cabinet, stop and think about it. If that sort of thing continues there is not much use in the members being here. I want to leave that thought with the members of this house because democracy is chiselled off very slowly. For some considerable time I have seen growing up in North America, not so much here as in the United States, a kind of managerial society. They are managed from the outside. This business of not paying attention to what goes on in the house, and ignoring the votes of this house, is in my opinion a bad development. It certainly should be stopped by the members.

There is another item which I should like to bring to the minister's attention. I went through his budget speech and the resolutions, but it is rather difficult to find anything that you can get your teeth into. As I said before, the minister did a good job in presenting it. It is not popular in the country; but when you ask someone to tell you just exactly what is wrong with it, the only thing he can say is that we did not get a tax reduction but we got a slight increase. When you go over the budget, it is not easy to say what is wrong with it. It is generally the things that are not in it that you have to quarrel with.

On several occasions I have had correspondence with the department about allowing as a tax reduction the housekeeper of a person who maintains a home and who is obliged, through sickness—his wife being ill and in hospital—to hire a housekeeper. I have written to the department about the matter and I have a letter here in my hand—I am not going to read it—with bills attached, wherein this person showed that the cost of maintaining his home had gone up considerably because he had to hire a housekeeper, pay her wages and maintain her, and at the same time had his wife in hospital and was paying a hospital bill.

I figure that that housekeeper is a legitimate expense. In my opinion it is a more legitimate one than new equipment and that kind of stuff that is purchased at a plant. The home is a first requisite of the nation; without the home to hold you together as a nation you have not got anything. That man is struggling to maintain his home for himself and his family while his wife is ill. If you can write off the expense of maintaining your father or mother who may be dependent on you—and that is just a minor expense compared with the cost of maintaining a housekeeper, paying her wages and maintaining your wife in an institution—in my opinion you should be able to write off this expense.

I wrote to the department and I have a reply dated as late as April 16 of this year. I am just going to read that reply because I think it is rather cold-blooded. It reads:

Dear Mr. Gillis:

In reply to your letter of April 7 on behalf of Mr. Fraser Goodwin of Glace Bay, Nova Scotia, you are advised that the amount expended by Mr. Goodwin for a housekeeper is a personal living expense of the taxpayer.

The Income Tax Act specifically provides that no deduction can be allowed from income for personal living expenses.

It is not personal living expenses at all. It is an abnormal expense that cannot be budgeted for. It is likely to hit you at any time, or it may never hit you. I agree that the person who wrote that letter for the director general of the assessment branch is correct when he says that there is in the Income Tax Act no provision for exemption for that particular type of expense; but I am asking the minister now to give consideration to permitting that type of deduction if and when he has the problem under consideration. Maybe he could bring in an amendment when the budget resolutions are up for consideration, and I strongly suggest that he should do so. This is the type of case that creates

a great deal of hardship in the home where a person with a small income is obliged to employ a housekeeper in order to maintain his home.

I have here another resolution, and no doubt the minister has it. It is from the office of the city clerk, Fort William, Ontario. It has been circularized all over the country. The copy that I have comes from Sydney, Nova Scotia, and it deals with that question of federal aid to education. I am not going to argue that question. It has been argued by several members in this house, through a resolution. I put my opinions on the record, and I stated that it is a matter of either federal aid or a revision of the tax agreements as between the provinces and the dominion. I am convinced that there is no way to solve the problem of the cost of education in this country unless it is centralized with the federal government and grants are made to the provinces, earmarked for that purpose, the administration being done in the provinces.

In this resolution it is suggested that the total cost of education in the country should be paid out of income tax. I am not particularly anxious about specifying what particular tax it should come from; I think it should come out of general revenue. I am bringing that matter forward again because it is a serious problem, particularly in the maritimes, and I hope that the minister is thinking about it when the new tax agreements are finalized, so that the provinces which desperately need aid may get a proper revision in their agreements until such time as some of the provinces who oppose federal aid smarten up and get around to the point of realizing that it is absolutely necessary.

I have quarrelled a bit with odds and ends, and I never like just to oppose without having something to propose. Tonight I am going to say a few words with regard to new methods of financing that I think are necessary. I have spoken before in this house on the same matter. The reason that I cannot quarrel so much with the minister over the budget that he brought in is that, following the methods of financing in this country as agreed to by most of the members in the house, he has to get his taxes in a certain way and he has to spend them in a certain way; it is the orthodox method and it has to be carried on in that way. When the Industrial Development bank was proposed in this house I think maybe I was about the only one in the house that opposed it. I opposed it on the ground that it was just another adjunct to the chartered banks, that it was never going to mean much in the development of this country, and that it was an organization that was being set up to underwrite doubtful investments. I said that it would provide some plant expansion but that it would create no new industry in this country. That has been the history of it since it was set up. In the maritime provinces the bank did not even establish an office. Anyone who could get a loan from that Industrial Development bank could get it through the chartered banks because he had to have collateral to back it up. As to creating any new industry, or as to being of much value in the creation of small subsidiary industry at least, the Industrial Development bank has not accomplished much.

At that time I suggested that, instead of an Industrial Development bank, what was needed in this country was a national co-operative bank, creating a new chain of finance. I am firmly convinced, and have been for a good many years, that changes are coming in the economic structure of North America, whether we like it or not. There is only one way in which you are going to expand democracy and hold onto it, and that is by giving the people of this country more ownership; by that I mean more ownership in homes, in financial institutions and in the development of the general co-operative movement. I have been convinced of that for a good many years. When a man owns his home he has his roots in the soil; he is a citizen; he belongs to the country and to a certain part of it.

There are thousands of credit unions across this country. They have developed a lot of brains in that field of finance in the way that they see it. They have amassed a lot of capital. The co-operative movement is today proposing—and I know that representation has been made to the government—the setting up of a national credit society to co-ordinate all of the credit movement across this country. They have been turned down on that application; but the time is coming, in my opinion, when it should be done. Just while I was home over the Easter recess I attended a meeting in the city of Sydney where the Sydney credit union—there are four of them in that city—with a membership of about 2,000 had purchased a new hall. It is fitted up like a modern bank. It is as good looking inside as any of the banks that I see in this city. It is modern in every way, and fully staffed. We had Dr. Watson Kirkconnell, president of Acadia university at the present time, there. He was the main speaker. Well, nobody can accuse him of being a socialist. I just want to read a little bit about what he had to say at that meeting. Knowing the gentleman as well as I do, I was a little bit surprised to hear him express the views that

he did express at that gathering. In one part of his speech Dr. Kirkconnell had this to say:

> Dr. Kirkconnell said one of the most notable features of the credit union system is the extremely small margin of losses through bad debts. In Prince Edward Island, for example, loans from 1936 to 1949 totalled nearly $1,500,000 and the uncollectable loans $1,041, a loss of one-fourteenth of one per cent. New Brunswick in 1946 reported loans written off since inception of $2,116, or one-fortieth of one per cent of a total of over $8 million.
>
> The Sydney credit union was launched in October, 1935, and since that time has acquired 2,000 members and assets of slightly over $350,000. Since its inception it has loaned out $1,750,000 and during that time has written off less than $900 in bad loans.

That is only just one small credit union in that city where there are four of them. The island of Cape Breton has a chain of them. The province of Nova Scotia has a chain of them right across the province, linked up with a central credit union league in the province, where they are trying to arrange long-term loans. That is true in New Brunswick, Prince Edward Island, Newfoundland, Quebec, Ontario, Manitoba, Saskatchewan and clean through to British Columbia.

This is a new chain of finance, and what I suggested, instead of the Industrial Development bank, was to set up a national co-operative bank. This is not new. They have had it in Europe for years. The United States has a national credit union act today, similar to the one that the Canadian credit movement is looking for at the present time. If that organization was set up on a national scale, all of the credit unions across the country could be members of it. If shares were sold to the general public at anywhere from $10 to $100 it would give everybody in the country who wanted to participate an opportunity to become members of the new chain and use that co-operative money to develop small subsidiary industries across this country that you cannot find risk capital to undertake. If that were done it would, in my opinion, be driving the roots of democracy further into the ground by giving people ownership in the development of new wealth in the country. It would also help by setting up a yardstick for the chartered banks.

In my opinion the government annuities have done much to keep the old line insurance companies in balance in regard to their rates, and so forth. The government has already set a precedent by going into crown corporations. In my opinion Trans-Canada Air Lines would never have been developed if it had not been for government initiative and government money. The Canadian Broadcasting Corporation is another example and so is the Polymer Corporation at Sarnia, and also Canadian Arsenals and atomic energy, and now television. These are good examples, in my opinion the best examples on the North American continent, because every one of them is successful. They were properly developed. In my opinion the government should give serious consideration to the request from the credit union movement across this country to set up a national credit union act to utilize the brains and the money that are now found in that movement, to give it proper national direction and assist in developing industry in this country that risk capital will not touch.

I hope the minister is listening, and I hope that he will give today's *Hansard* to some of his advisers, and check the whole matter, because the credit union movement has arrived at the position where it is demanding this. They know they are ready for it. I consulted them three years ago as to whether this kind of thing should be pursued, and they said they were not ready for it. But they are ready, and they made application for it, and they have been rejected by the government. Of course it may be that the government was not ready for the presentation because they had not studied the matter as well as they should. I trust that the government will give serious consideration to what I am talking about at the present time, because I think the time has come when we shall have to start giving the people more ownership.

I myself have never objected to the wealth that the big corporations had. What I have always objected to is the power they had to prevent the creation of new wealth by the people themselves. This credit movement now has sufficient capital at their disposal. They have linked themselves up on a national scale so that they can act for interprovincial purposes and develop small industry or big industry. It is a step in the right direction. It is driving the roots of democracy further into the soil, and in my opinion that is the only way democracy can plan, because you will go either backward or forward. A backward step is a step back towards fascism. Do not make any mistake about it; fascism or communism is not the product of any particular country; it is the product of a system, and the system being older in the countries where they capitulated to these ideologies is an indication of what can happen on this continent unless we smarten up and get more ownership into the hands of our people, give them some incentive and establish them as good citizens with roots in the soil of this country. In my opinion that is the only way you can continue to expand democracy. The only way it can be done is through that ownership as far down as you can get it in the proper direction.

I still think that the minister is not out of the woods so far as inflation is concerned. He has a right, a legitimate right, to ask me: Well, what do you think should be done. You do not think that we have got inflation stopped, and all that kind of thing. I am going to put back on the record what I think should have been done. We recommended this in the last budget and in the budget before. Before we are through with this business of inflation and deflation we are going to have to carry out this kind of program.

I believe there should have been a renewal of price controls with subsidies to bring down the cost of essentials. I believe that will have to be done sooner or later. I believe that there should be some regulation preventing any further general increase in rents. That is another scare to most of the people of this country who are renting homes. Go to Montreal, Toronto, or to any of the larger cities where rent controls are handled by the provincial governments or by the municipalities. They are not very effective, and there is a general fear of eviction on the part of our people at least once a year.

I believe you have taken some steps to prevent price fixing by monopolies, and I hope that this resale price maintenance will be followed up. It is at least bringing the rule of law for the first time into the field where most of the money of the average person is spent. We enact laws to prevent people from picking our pockets, robbing banks, slugging us on the street, hijacking, and all that sort of thing. But where 80 per cent of our money can be filched from us by inflated prices and crooked practices, we have done nothing. I believe that if resale price maintenance is followed up it will establish a rule of law that will be respected by those who have been fixing prices and who have been robbing people indirectly in the past.

I believe the Winnipeg grain exchange should have been closed to eliminate speculation in foodstuffs. I believe it was LaGuardia who said some years ago, in discussing the possibility of feeding the rest of the world, that if he had his way he would close down every grain exchange in North America.

I believe in a wage program worked out with trade union representatives to help hold the price line, while assuring workers of a fair income, and I have stressed that time and again. I have said that each industry should have an industrial council which would meet with the Department of Labour, and that would have full knowledge of the economic picture, and what the continued demand for wages would mean in the field of inflation. I believe that an industrial council should have been set up right after the war, and in time we will have to get around to it.

Then, I believe in a minimum price program worked out with farmers' representatives, to ensure primary producers a fair share of the national income. The committee on agriculture does that to some extent, but I believe farmers would be more satisfied if they had direct representation.

Then, there are other measures such as credit restrictions, and the like. The government has already taken some steps in that direction.

In conclusion I would urge that the minister and his department take a look at the possibility of introducing a national credit union act. They should examine the movement right across the country, and get the facts and figures. Let them see the large number of people who, voluntarily and in their spare time, have studied this system of finance, through groups, and have perfected an organization second to none across this country today. Let the minister see if such an organization could not be advantageous to the whole country, if it was linked up on a national scale, so that interprovincial negotiations could be carried on for the development of the country and the benefit of small industry—and perhaps for big industry, too, because there is a considerable amount of money involved in it today.

I trust the time is not far distant when I will see the minister introduce a bill along these lines—because, if he does not, sooner or later I shall do it myself, and have a vote of the house recorded in connection with it.

Mr. Sinclair: I move the adjournment of the debate.

Mr. Fulton: There is a quarter of an hour yet.

Mr. Abbott: It has been a long day.

Mr. Sinclair: It is not debatable.

Mr. Casselman: We want to hear you tonight.

Mr. Sinclair: You will not sleep unless you do?

On motion of Mr. Sinclair the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull) moved the adjournment of the house.

He said: Tomorrow we will continue with the budget debate.

Motion agreed to and the house adjourned at 10.45 p.m.

HOUSE OF COMMONS

Wednesday, April 23, 1952

The house met at three o'clock.

PUBLIC ACCOUNTS

REPORT OF AUDITOR GENERAL—REFERENCE TO STANDING COMMITTEE

Hon. Alphonse Fournier (for the Minister of Finance) moved:

That the public accounts of Canada and the report of the Auditor General of Canada for the fiscal year ended March 31, 1951, tabled in the house on October 31, 1951, be referred to the standing committee on public accounts.

He said: This motion was made at the last session and carried, but we have to make it anew so that the accounts will be sent to the committee.

Motion agreed to.

QUESTIONS

FOOT-AND-MOUTH DISEASE IN REGINA AREA—COMPENSATION

Mr. Diefenbaker:

1. What is the amount recommended to be paid or paid to each of the farmers in the Regina area for cattle that have been destroyed in the eradication of foot-and-mouth disease?

2. How many head of cattle did each of said farmers have?

3. How much has been paid or has been recommended to be paid to the Burns Company by way of damages for: (a) destruction of buildings or other facilities; (b) for cattle?

Mr. McCubbin: Before I answer this question I should like to discuss it with the hon. member for Lake Centre.

Mr. Speaker: Question stands.

ARMED FORCES—KOREA—CASUALTIES, ETC.

Mr. Fulton:

1. How many army personnel have been returned to Canada from Korea to date, apart from those returned for wounds, sickness or injury, since the policy of personnel rotation was announced? How many from Europe?

2. How many casualties have been suffered to date by the 25th brigade in Korea since it landed, in the following categories: (a) sick; (b) killed; (c) wounded; (d) injured; (e) missing?

3. Of the total in category (c) in part 2 above, how many have been (a) returned to their units; (b) returned to Canada; (c) still in Korea or Japan but not returned to their units?

4. What is the total army strength in Korea and Japan?

Mr. Blanchette:

1. As of March 28, 1952, from Korea, 982. None from Europe.

2. As of March 28, 1952:

(a) Sick	5,565
(This figure is made up of the number of admittances of non-battle casualties of the 12,509 soldiers who have been in Korea. 4,450 of this number returned to their units; 909 were sent back to Canada for medical reasons, and 206 are still in hospital.)	
(b) Killed in action and died of wounds	143
(c) Wounded in action	528
(d) Injured in action	61
(e) Missing	4
Prisoner of war	1

3. (a) 166; (b) 167; (c) 195.

4. As of March 28, 1952—7,646.

INCOME TAX ARREARS

Mr. Diefenbaker:

1. How many certificates of judgment have been issued since the first day of September, 1951, by the Department of National Revenue, regarding arrears in income tax?

2. Of these judgments, how many have been withdrawn without payment having been made by the taxpayer in default?

Mr. Lapointe:

1. Since September 1, 1951, 6,673 certificates of judgment for the collection of past due taxes have been filed in the exchequer court by the taxation division, Department of National Revenue.

2. During the same period of time 118 of these judgments were renounced before payment of tax.

NEWFOUNDLAND RAILWAY—PENSIONS

Mr. Browne (St. John's West):

What arrangements now exist for payment of pensions of persons retired from the railway service in Newfoundland (a) prior to 1949; (b) retired or to be retired since 1949?

Mr. Benidickson:

The Canadian National Railways advise as follows:

(a) Persons retired from the railway service prior to April 1, 1949, received their pensions direct from the province of Newfoundland.

(b) Persons retired or to be retired from the railway service since March 31, 1949, receive their pensions from C.N.R. The C.N.R. obtains reimbursement from the province of

Newfoundland in respect to the portion of the pension arising from service prior to April 1, 1949.

OBSCENE LITERATURE

Mr. Browne (St. John's West):

What steps have been taken by the Department of National Revenue to investigate the importation into Canada of obscene literature, including magazines forbidden entry by the customs laws, and what has been the result of such activity?

Mr. Lapointe: Item 1201 of schedule "C" of the Customs Tariff prohibits the importation of books, printed paper, drawings, paintings, prints, photographs or representations of any kind of a treasonable or seditious, or of an immoral or indecent character, and a list of prohibited publications has been issued to customs-excise officers engaged in the examination of imported goods. Instructions have also been given to forward to the department for examination before permitting entry a sample from any shipment which might reasonably be considered as prohibited under the provision of tariff item 1201, if not on the prohibited list. The result has been that publications on the prohibited list have not been allowed entry into Canada.

QUESTIONS PASSED AS ORDERS FOR RETURNS

IMMIGRATION SERVICE—ILLEGAL OR IRREGULAR ACTIVITIES

Mr. Fulton:

1. Have any officers or employees of the Canadian immigration service, besides Messrs. Wilson, Cianci and Bourget, or of the Canadian external affairs service (a) resigned; (b) been discharged; (c) been suspended, by reason of illegal or irregular activities in connection with the admission of immigrants to Canada from Italy and Germany?

2. If so, how many, what are the names, and in which service were they employed in each case?

3. Of those named in answer to No. 2, which ones, if any, were working in (a) Canada; (b) Italy; (c) Germany, at the time of their resignation, discharge or suspension as the case may be?

4. What further action has been taken by the government against the individuals referred to?

5. If no further action has been taken what is the reason in each case?

6. How many immigrants have been admitted as a result of these illegal or irregular activities, including those admitted, as a result of the three individuals named in No. 1?

7. Was any amount paid by or on behalf of such immigrants to secure admission accordingly? If so, how much?

8. What, if any, steps are being taken to check the admissibility, under the regular provisions of the immigration laws and regulations, of those illegally or irregularly admitted, apart from the 75 admitted as a result of the activities of the three individuals named in No. 1?

[Mr. Benidickson.]

9. Are the names of any private individuals in Canada, Italy, Germany or elsewhere, who were involved in, or in any way connected with, these irregularities or illegalities (other than the immigrants themselves) known to the government? If so, what are the names, addresses and occupations of such persons, and in what way were they involved?

10. Is any action being taken against the persons, if any, named in No. 9? If not, for what reasons?

11. Has the government any reason to suspect similar abuses in respect to immigration arrangement from any other country or countries?

Mr. Cote (St. Jean-Iberville-Napierville): Return tabled.

FREIGHT RATES—FRUIT SHIPPED EAST FROM KELOWNA

Mr. Laing:

1. Since January 1, 1952, which of the so-called transcontinental rail rates to Vancouver have been withdrawn from railway tariffs?

2. Which of the so-called transcontinental rates to Vancouver have been adjusted upwards, and what are the old and new rates per 100 lbs.

3. What is the car lot rate on stone fruits, peaches, cherries, apricots, from (a) Kelowna to Regina; (b) Kelowna to Winnipeg?

4. What were the car lot rates per 100 lbs. on the above commodities, on January 1, 1952?

5. What were the car lot rates on such commodities, per 100 lbs., on January 1, 1950?

Mr. Benidickson: Return tabled.

SCHOOL BOARD DEBTS

Mr. Pouliot:

1. During each of the last five years, has the government of each province (a) taken over; (b) guaranteed the debts of the school boards?

2. If so, what provinces have (a)taken over; (b) guaranteed, the debts of the school boards, and up to what amount in the case of each province?

Mr. McIlraith: Return tabled.

TREATY OF PEACE (JAPAN) ACT

PROVISIONS FOR CARRYING TREATY INTO EFFECT

Hon. Alphonse Fournier (for the Secretary of State for External Affairs) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to introduce a measure to provide that the governor in council may do such things as to him appear to be necessary for carrying into effect the treaty of peace between Canada and Japan; and for that purpose the governor in council may make appointments, establish offices and make orders or regulations; and to provide further that any expense incurred in carrying out the treaty shall be defrayed out of moneys voted by parliament.

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

Motion agreed to.

RAILWAYS AND SHIPPING

APPOINTMENT OF COMMITTEE ON ACCOUNTS AND ESTIMATES OF GOVERNMENT-OWNED TRANSPORTATION LINES

Hon. Lionel Chevrier (Minister of Transport) moved:

That a sessional committee on railways and shipping owned, operated and controlled by the government, be appointed to consider the accounts and estimates and bills relating thereto of the Canadian National Railways, the Canadian National (West Indies) Steamships, and Trans-Canada Air Lines, saving always the powers of the committee of supply in relation to the voting of public moneys; and that the said committee be empowered to send for persons, papers, and records and to report from time to time and that notwithstanding standing order 65, in relation to the limitation of the number of members, the said committee consist of Messrs. Benidickson, Bourget, Carter, Cavers, Churchill, Cleaver, Dumas, Follwell, Fraser, Fulton, George, Gillis, Healy, Helme, James, Knight, Macdonald (Edmonton East), Macdonnell (Greenwood), McCulloch, McLure, Mott, Mutch, Picard, Pouliot, Thomas.

Mr. Stanley Knowles (Winnipeg North Centre): Before this motion is voted on, Mr. Speaker, may I say just a few words? They will be in the form of a question which I hope the Minister of Transport (Mr. Chevrier) will be prepared to answer.

The minister will recall that a few weeks ago, during the course of this session, a delegation on behalf of the retired employees of the Canadian National Railways presented the claim of pensioners in the lower brackets for some increase in the amount of their pension. That delegation waited on him after the announcement had been made of the new Canadian National Railways pension plan which makes provision for improvements in the pensions of those still in the service. The new plan also makes provision for improvements in the pensions of those who have already retired if they were members of a contributory plan when they were at work, but, as the minister knows, there is no provision for improving the position of those who are already retired on the sum of only $25 a month.

As the minister will recall, a day or so after that delegation waited on him I asked him, on the orders of the day, whether consideration would be given to their request that something be done to increase the amount of their pension. I pinpoint the whole question that I am now addressing to the minister to that one group, namely, those for whom no other provision has been made—in other words, those who are still on only $25 a month and at the moment have no prospect of any increase. When I asked the minister in the house, on the orders of the day, whether consideration would be given to that request, he said that it would. I forget whether he made that as a promise to me across the floor of the house or whether he simply reported that he had promised to the delegation itself that the consideration would be given. At any rate, that was the indication. I wonder whether the minister can now say whether that consideration has been given and whether any progress is being made.

From such information as has been made public, I think it is fairly clear that nothing can be done for this group that I am speaking about—those on only $25 a month—by the Canadian National Railways itself. If anything is to be done it will have to be done either with the assistance of the government or by the government itself.

The minister knows how serious is the plight of this group of people. It seems unfortunate that when others have had their position improved, those who need it most have had no assistance at all. I hope the minister is in a position to give us a report of some progress on their behalf.

Mr. Speaker: Order. Probably it might be more in accordance with our proceedings if the minister spoke at the end and closed the debate. If any other members wish to speak, I think they should do so now.

Mr. Gordon Graydon (Peel): Mr. Speaker, last night when the order of business was announced by the leader of the government, no mention was made of the motion which has now been brought before the house. Some of our members made inquiries with respect to this motion, and took it for granted that it would not be proceeded with today. Some of them are anxious to speak on the important matters with which this resolution has to do. In view of the fact that we did not have the ordinary notice, I would ask the minister to agree to adjournment of the debate. We are not anxious to delay the matter in any way, but we did not have any intimation that the motion was coming on today. For my part I should be glad to move the adjournment of the debate in order that we may take it up again as soon as possible.

Mr. Chevrier: Mr. Speaker, may I say to the hon. gentleman that my experience has been that in the past it has not been the practice of the leader of the house to announce the discussion of this resolution. It has I believe been taken for granted that it would be discussed on the day on which it is presented, or the following day. However, I am not going to raise any objection to my hon. friend's suggestion. If he feels that there are some members on his side of the house who

should have an opportunity to speak, I am quite satisfied that such should be the case.

I would hope, however, that it would be possible to have the debate tomorrow, because I have already indicated to the officers of the Canadian National Railways that we would be ready on Monday to deal with their budget and other matters concerning the business of the railway. It is therefore important that the resolution be disposed of as quickly as possible.

Mr. Graydon: Tomorrow will be quite all right.

Motion agreed to and debate adjourned.

CHINA

TREATMENT OF CANADIAN NATIONALS BY COMMUNIST AUTHORITIES

On the orders of the day:

Mr. E. D. Fulton (Kamloops): Mr. Speaker, I should like to address a question to the Prime Minister with reference to the statement he made to the house on Monday, April 21, concerning the conditions of treatment of Canadian missionaries, largely, in China. I should like to ask the Prime Minister whether he is in a position to make any further statement amplifying what he said at that time. The reason I ask the question is that information has just reached me, which I have not been able to pass over to him, to the effect that both the numbers of those in prison and the conditions of imprisonment are considerably more disturbing than would appear from the Prime Minister's statement. There have, I believe, been factual reports in the past on which my information is based—

Some hon. Members: Order.

Mr. Fulton: As I say, I have not had an opportunity to send this information over to the Prime Minister.

Some hon. Members: Question.

Mr. Fulton: I would appreciate it if he would indicate whether he would look into the matter and perhaps make a further statement at a later date.

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I never give the house anything but the information I get. My sources may not be the same as those of the hon. member, but I can assure him that the information I gave him was that obtained through official and semi-official sources; and to the best of my knowledge it is accurate information. If the hon. member has other information and will communicate it to me, I will pass it on to those from whom I obtained what I communicated to the house, and will report later upon it.

LIVESTOCK

FLOOR PRICE ON HOGS

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): Mr. Speaker, I should like to ask a question of the Minister of Agriculture in connection with the floor price on hogs; I have already brought it to his attention. In the province of Saskatchewan—and I think it is general—although the floor price has been fixed, as low as $14 a hundred is being paid by the packing companies. Will the minister say what control the department has over the packing companies to make sure that the farmer receives the floor price? What is to be done by farmers who are being denied the price fixed by the government? I think this abuse is generally taking place and it deserves consideration.

Right Hon. J. G. Gardiner (Minister of Agriculture): Mr. Speaker, the hon. member was kind enough to notify me of his question and to send me the slip which the farmer sent to him. It indicates that on the 17th day of April the farmer received $14 per hundred for three extra heavy hogs. I would just point out that a special arrangement was made after the foot-and-mouth outbreak to the effect that hogs could be allowed to get heavy, and that would not affect the grading. Notice was given three weeks in advance that the condition would end on the 19th day of April. It was two days prior to the 19th day of April that these hogs were delivered, but, according to the records on this slip, they were extra heavy.

Mr. Diefenbaker: The three of them weighed how much?

Mr. Gardiner: They dressed at 204, 205 and 201 pounds, and the extra heavy runs from 186 to 195 pounds. I think the only thing for this farmer to do is to write to our department; we shall check with the packing house, and if there is any possibility of adjustment, the adjustment will be made. It has been made in a number of cases.

FOOT-AND-MOUTH DISEASE—FURTHER OUTBREAK IN SASKATCHEWAN—MEETING OF AGRICULTURE COMMITTEE

On the orders of the day:

Mr. Gordon Graydon (Peel): May I direct a question to the Minister of Agriculture? It arises out of his statement yesterday in connection with the foot-and-mouth disease outbreak in Saskatchewan, in which he said it has been established that the disease was

transmitted from the area in which it was originally found. I seem to recall that the minister or someone said that it came from frozen meat which originated in the original quarantine area. That may not be right, but I should like to have the minister clarify it and indicate how the disease was transmitted from one area to the other, and on what date it left the original area to go to the new area of outbreak.

Right Hon. J. G. Gardiner (Minister of Agriculture): I hesitate to make a statement on a report of this kind, which may not be absolutely in accordance with the facts—because you can scare people too much these days by saying certain things. I am quite prepared to discuss the matter with my hon. friend and give him any facts which I have, rather than make a general statement with regard to it at the moment.

Mr. Wright: Can the minister give us any indication as to when the agriculture committee will meet to deal with this matter of foot-and-mouth disease? We were told it would meet immediately after the Easter recess.

Mr. Gardiner: I had hoped to be able to suggest to the chairman of the committee that the committee be called the week after next, until this new case was discovered. I am not too sure now that we could get the officials away from the area to bring them here that soon. My suggestion would be—and I think it has already been discussed with the Minister of Trade and Commerce (Mr. Howe)—that the committee be called together, and, if we are not able to deal with that question at that time, that we go on with the report of the wheat board or with some other matter which is to be referred to the committee, and bring the matter of foot-and-mouth disease on as soon as we can.

LABOUR CONDITIONS

ASSISTANCE TO WESTERN FARMERS IN SEEDING AND HARVESTING

On the orders of the day:

Mr. H. R. Argue (Assiniboia): I should like to address a question to the Minister of Labour. Will the government take immediate steps to provide necessary help for farmers who must carry out seeding and harvesting operations in western Canada within the next few weeks? Will the government again make members of the armed services available for such work?

Hon. Milton F. Gregg (Minister of Labour): The hon. member kindly sent me notice of his questions. As to the first question, there will be rather a special farm labour situation in some areas of Saskatchewan over the period of the next several weeks, arising particularly from the additional requirements of spring harvesting operations now in process, which are in addition to the usual spring farm labour needs.

The agricultural employment officers of our national employment service in the prairie region are working hard on the recruitment of labour to meet this shortage, in conjunction with provincial agricultural officers. A concerted effort is being made to meet the short-time requirements—because it will only be a short time—from within the prairie region. Our officers are optimistic that as a result of these efforts there will be no serious shortage.

I would ask my hon. friend to suggest to any farmers in need of help that they get in touch with their provincial agricultural officer or with our nearest national employment officer, if they have not already done so. While the list of unemployed at our offices in the prairie region is down by 4,677 as at April 17, as compared with April 3, two weeks before, there are still in the prairie region listed for employment some 33,000 male workers. Our officers will continue to do their best to deal with this situation.

Now, as to the second question, this is of course a matter of government policy, and therefore even though I were sure, which I am not at this moment, that the necessity existed, I would not be able to make any comment on it because it affects other departments, particularly the Department of National Defence.

(Translation):

BRIDGES

QUESTION RELATING TO THE APPROVAL OF PLANS FOR THE CONSTRUCTION OF A BRIDGE IN THE MAGDALEN ISLANDS

On the orders of the day:

Mr. Charles Cannon (Iles-de-la-Madeleine): Mr. Speaker, I would like to ask the Minister of Public Works (Mr. Fournier) a question.

Under the Navigable Waters Protection Act, has the minister received from the province of Quebec a request for the approval of the plans of a bridge to be built at Havre-aux-Basques, in the Magdalen islands, between Grindstone and Amherst islands?

If so, will the minister grant, at the earliest possible moment, the approval required under the act, since this bridge is urgently needed and has long been asked for by the people of the Magdalen islands?

Inquiries of the Ministry

Hon. Alphonse Fournier (Minister of Public Works): I thank the hon. member for having given me notice of his question.

In reply, I must say that the provincial authorities, under the Navigable Waters Protection Act, have requested the approval of the plans for that bridge. Their request was referred to departmental engineers, who reported that the project would in no way be prejudicial to navigation.

Once the provincial government have assured us that all public notices have been given in accordance with the requirements of the Navigable Waters Protection Act, we shall ask council to authorize the plan of the proposed bridge.

(Text):

CAMP BORDEN

QUESTION AS TO OUTBREAK OF TYPHOID

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): I should like to direct a question to the Minister of National Defence in regard to Camp Borden. Are there any cases of typhoid fever among the troops there?

Hon. Brooke Claxton (Minister of National Defence): Two cases of suspected typhoid fever have been found, and show the clinical symptoms of that disease, but so far the laboratory tests are negative. It is not known yet whether in fact the patients have typhoid, though they show the clinical symptoms of it, and they are being treated as if they have typhoid.

PUBLIC BUILDINGS

CHARLOTTETOWN, P.E.I.—STEEL FOR CONSTRUCTION

On the orders of the day:

Mr. W. Chester S. McLure (Queens): Mr. Speaker, I desire to direct a question to the Minister of Public Works. My question arises out of a Canadian Press dispatch that I received just a short time before I came into the house. It is short, and if you would give me permission to read it—

Some hon. Members: No.

Mr. McLure: All right.

Mr. Speaker: That will establish a very bad precedent. The hon. member might put his question.

Mr. McLure: I will just ask the question. My question is this. From a Canadian Press report of April 17 I quote—

Some hon. Members: Oh, oh.

[Mr. Cannon.]

Mr. Speaker: Probably the hon. member will put his question without quoting the dispatch.

Mr. McLure: All right. My question is: Will the contractors for a large eighteen-storey building in Vancouver, to cost $5,500,000, use Canadian steel in its construction? If so, would that not be a good opportunity to secure sufficient steel at the same time for the dominion public building at Charlottetown?

Hon. Alphonse Fournier (Minister of Public Works): Mr. Speaker, I was sure the hon. member had a serious question to put, because he has not put a question to me in the last three weeks. I was getting lonesome. I have not seen the plans for the eighteen-storey building in Vancouver.

Mr. Sinclair: Private.

Mr. Fournier (Hull): Then I would have to ask a minister of private works to answer. I have no knowledge of the specifications of such a building, and I am not quite sure of the specifications of the building in Charlottetown, because the plans have not yet been completed.

NATURAL GAS

SUPPLY FOR ATOMIC ENERGY INSTALLATIONS IN UNITED STATES

On the orders of the day:

Mr. Carl O. Nickle (Calgary West): Mr. Speaker, I should like to ask a question of the Minister of Defence Production, prompted by a rumour now circulating in Alberta. Have any representations been made to the Department of Defence Production by the United States government with regard to a supply of natural gas from southwestern Alberta for the atomic energy installations at Hanford, Washington, and Arco, Idaho? If so, what volume of gas is desired, and spread over what period?

Right Hon. C. D. Howe (Minister of Defence Production): I have had no notice of this question. I remember vaguely receiving such a request probably a month or six weeks ago. I simply replied that no gas was available, that the gas is controlled by the province of Alberta and that until the province releases it for export outside its boundaries, I could not discuss the matter.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Tuesday, April 22, consideration of the motion of Hon. Douglas Abbott (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go

into committee of ways and means, and the amendment thereto of Mr. Macdonnell (Greenwood), and the amendment to the amendment of Mr. Coldwell.

Mr. James Sinclair (Parliamentary Assistant to the Minister of Finance): Mr. Speaker, in rising to take part in this budget debate I think I should first of all recall the very warm and well-earned round of applause from this side of the house which greeted the financial critic of the official opposition (Mr. Macdonnell) when he rose to his task yesterday. I mean, in all sincerity, that it was well merited.

All of us, through the years, have watched the financial critic go about his task. We know it is a difficult one. Each year we have heard his Cassandra-like prophecies of calamity and a poor year ahead, only in the intervening year to see that production has increased, employment has increased, capital investment has increased—

Mr. Fleming: And the surplus has increased.

Mr. Sinclair: Yes, and the surplus—and no Tory deficit. But members of the House of Commons do admire the manly way in which the financial critic of the official opposition does go about his difficult task. This year's speech was no exception. He covered a wide field. He livened his speech with a little whimsy, a bit of poetry and anecdotes, and a few quotations. But one thing struck me—and because it struck me I have decided to change my form of speech today. The major part of the early portion of his speech, which he devoted to finance, was directed not so much to the budget as to the Minister of Finance (Mr. Abbott)—anecdotes about him, cartoons about him, and a prolonged discussion of the minister's last radio address.

I thought to myself that I am not guiltless in that connection, either, because in my speeches on budgets I often stray away from the subject and take a swipe at the leader of the opposition (Mr. Drew), the hon. member for Lake Centre (Mr. Diefenbaker) or perhaps the hon. member for Eglinton (Mr. Fleming). So I decided to set hon. members a good example today—unless, of course, I am interrupted by the hon. member for Eglinton—and to devote myself entirely to a discussion of the budget and the criticisms of it which have been made since the debate began.

I would begin by referring to the amendment moved yesterday by the hon. member for Rosetown-Biggar (Mr. Coldwell), the leader of the C.C.F.; and so that there will be no illusions about it I should like to read its opening words as they are set out at page 1489 of *Hansard* for yesterday. They are:

> "This house further regrets that the government has ignored the wish of this house, as expressed by a unanimous vote on March 26, that the four per cent floor under medical expenses deductible for income tax purposes should be abolished."

Now I should like to refer to the resolution debated at that time, and put forward by the hon. member for Winnipeg North Centre (Mr. Knowles). *Hansard* for March 26 records the resolution in part, in these words:

> That, in the opinion of this house, the government should give consideration to the advisability—

And so on—leaving out those parts I shall not discuss at this time. I do not think there is any need to repeat the thirty-minute speech I made that day in the debate, when I dealt with the history of medical deductions in our income tax laws, and the various extensions of those exemptions, as well as the four proposals currently made to extend these exemptions. That is all to be found in *Hansard*.

Perhaps I should repeat the instructions which were given to me by the Minister of Finance. He was in the house with me, and told me to accept the resolution asking that consideration be given. In his own words, he said to me; "We will accept consideration of any proposal or any resolution put forward by anyone in Canada on tax matters." That, of course, has been the policy of every minister of finance in this and other British countries.

Mr. Macdonnell (Greenwood): Even parliaments.

Mr. Sinclair: I will come to parliaments, because parliaments are members considered collectively, and then there are the responsibilities of the individual members of parliament under our parliamentary system, as contrasted with the United States system. In our system of government, responsibility for the imposition of taxes and for public expenditures rests solely with the government.

We have the British form of responsible government, as practised here in the House of Commons. It is unlike the United States system, where responsibility for taxes and expenditures rests with congress, not the government, and where there is often difficulty between the government and congress, especially when congress is of a different political complexion from the president.

I have wondered what would have happened if the minister had said to me about this resolution: We will not consider it. No doubt there would have been a real howl condemning an arrogant minister for failing even to give consideration to a perfectly

right and proper request. The minister was right in saying that he would accept and give further consideration to this proposal. I mentioned at that time the various proposals which had been made to the department throughout the year. I mentioned also that it was not a member of parliament but a member of the Department of Finance who had first suggested the incorporation in our Income Tax Act of this special provision for deductions for unusual medical expenses.

The leader of the Social Credit party (Mr. Low) had this to say yesterday, and I quote from page 1491 of *Hansard*:

—in the light of the encouraging statement made in this house on March 26 by the parliamentary assistant to the Minister of Finance, I think we had every reason to expect something very different...

I think the fairest way to answer that is not to summarize what I said on this four per cent proposal but to actually read from the record of March 26 three paragraphs in which I discussed this matter.

Mr. Fulton: Are you in order?

Mr. Sinclair: I am perfectly in order. If the hon. member will look at the rules he will find that if something in a previous debate is under discussion in a later debate, it is perfectly proper to quote the earlier debate. Otherwise the Speaker would have ruled out of order the amendment of the leader of the C.C.F. I should like hon. members to listen to see if anywhere in my statement I indicated the encouragement which the hon. member for Peace River implied. I quote from page 820 of *Hansard* of March 26 as follows:

The first suggestion is part of the suggestion made by the hon. member for Winnipeg North Centre: Why do we not remove the four per cent average entirely? There are two or three fairly good reasons for that. First of all, four per cent is quite a bit less than the average medical and hospital expenses across this nation, so we are giving some allowance even to average costs. Our main tax exemptions of $2,000 for a married man and $1,000 for a single man are in part to cover actual expenses, such as the usual expenses of food, clothing and transportation. This specific exemption we are now discussing was put in for unusual expenses. Once that door was opened, then of course there would be demands for exemptions of other unusual amounts in the ordinary man's budget. The hon. member for Spadina (Mr. Croll) raised this proposal of removing or lowering the four per cent item, and pointed out that this would give the maximum help to the little man, the man with just enough income to place him in the income tax bracket.

A point—which I mentioned in the beginning—is the fact that this tax must not only be good in theory and good in the House of Commons but must be good in practice as far as the Department of National Revenue is concerned in the collection of the tax and in the verification that there is no abuse through fraud or evasion. When you expect the department to attempt to verify and spot check the endless amount of small bills which will be turned in if all medical expenses are to be deducted, you are imposing on them a large administrative task, and a costly one by reason of the salaries of the civil servants who would have to be employed for what would be a comparatively small tax relief.

A third objection is the fact that in most of these medical schemes it has been found necessary—whether it be a state scheme, a company scheme, or a private scheme—to place some sort of check against too free use, which actually becomes abuse, of the facilities offered. For example, in British Columbia, in connection with the hospital insurance they have had to bring in co-insurance, a small initial charge in hospitals to prevent unnecessary use of hospital beds. Most of the company hospital health insurance schemes in my riding insist that a man pay half the cost of drugs, again to prevent abuse and waste of drugs if provided free. Most of them too make the request for a small payment from the man on his first visit or on his family's first visit to a doctor to check waste of the doctor's time with trivial visits. I think perhaps this present four per cent is in that category, of a check on unnecessary expenditures.

So much for the encouragement I am alleged to have given at that time.

In the rest of my speech I made mention of other objections. There is the objection to giving a broad exemption which applies all across the country because in giving such an exemption you remove from the taxable income of the country a certain amount of income, which of course immediately reduces the tax returns from that income. Taxes and expenditures are not in two separate watertight compartments. If we reduce taxes we still must meet the cost of operating the nation, and so taxes will have to be imposed in some other field to compensate for the loss of revenue through the tax exemption given.

In this instance, if the four per cent, which is less than the national average of hospital, medical, dental and drug care, was removed, that would remove four per cent of the present taxable income of this nation. It would result in a reduction in our personal income tax receipts of four per cent or approximately $48 million. That $48 million would certainly have to be recovered through increased taxation in some other field. So the net effect as far as the average individual is concerned would be zero. It would certainly be an illusion to say that they were getting tax relief in that way.

That applies to any particular exemption which extends across the taxpayers in the country. I pointed out the weaknesses in the proposal—this is perhaps the Department of Finance or a student of taxes speaking—of trying to do indirectly through tax relief what could be much better done otherwise directly. In this instance, there is no doubt that the better way for the individual to protect himself against this hazard of unusual medical expenses is for him to act as he does when he protects himself against the unusual hazard of losing his home by fire—by taking out insurance. I pointed out

at the time that the problem in Canada is a diminishing one because each year a great many more Canadians are coming under such schemes, whether they be state schemes such as they have in British Columbia and Saskatchewan, industrial schemes such as many of the great industries of this country have set up, Blue Cross schemes or even insurance with private companies. Then I suggested, as reported on page 822 of *Hansard,* that the minister would be very glad to give still further consideration to the representations which had been made by the speakers who had taken part in the debate.

The position of the Minister of Finance is a little different from the position of other ministers as far as representations being made to him are concerned. I suppose every hon. member of this house has been part of a delegation which has called on other ministers to present projects or proposals. A trade delegation might appear before the Minister of Trade and Commerce and lay its problem before him; the minister would comment on it and say whether it was within his powers to deal with it. He might point out the weaknesses. If he could come to a decision, either favourably or against it, he might do so at the time, or he might say that the matter would be further investigated and the delegation would be informed of the results.

The Minister of Finance is in a very different position. When a delegation comes before him, or when members of parliament write him letters on tax changes, or when parliament asks for the consideration of tax measures before the budget is brought down, obviously he cannot indicate what he is going to do about it, either acceptance or rejection. Secrecy of the budget is one of the most important factors in the financial control of the country through parliament. It would be incredible if one group in the country knew of tax changes in advance of other groups.

Under our British parliamentary system great attention has been paid to secrecy in connection with the budget. We all remember how Right Hon. J. H. Thomas lost his position as chancellor of the exchequer because of a leak, apparently through his family. We have the more recent dramatic example of Chancellor of the Exchequer Dalton, who, just as he was coming into the house to give his budget speech, made a casual remark to a newspaper reporter that his smokes were going to cost him less. He immediately resigned when the issue was raised. If the minister was to indicate in advance of the budget that tax relief was to be given in any field it would put him in exactly the same position as the gentlemen in the examples I have given. Therefore I say that the minister carried out the undertaking given by me on his behalf, in the only way he properly can. Consideration was given to the proposal when the minister and his budget committee were discussing the personal income tax field. Further consideration was given to it by the minister and his budget committee after the resolution had passed the house.

For reasons such as those I have indicated, and for other reasons, it was decided that the floor should remain but that the ceiling should be raised. That is an interesting thing because, as I pointed out in my last speech on this matter, last year only eight members got in touch by letter with either the minister, the deputy minister or myself on the matter of exemptions and deductions for medical expenses. There were six members on the government side and two on the Conservative opposition side. Five of those wrote about special cases in which people had abnormally high bills which were beyond the present ceiling. They asked if relief could not be given by increasing the present exemptions. Three of them asked for consideration in the case of the purchase of special drugs. Relief was asked by way of increasing the ceiling in order to meet the increased costs of medical services and drugs. This has of course been done in the present budget.

I want to draw attention now to one special remark by the hon. member for Winnipeg North Centre (Mr. Knowles) to be found at page 828 of *Hansard.* I had said that the minister would certainly consider the resolution, that it was not going to be defeated and there was no point in wasting the time of the House of Commons talking it out. The hon. member for Winnipeg North Centre had the opportunity to close the debate. I was listening very closely to what he said, because he is a very accomplished parliamentarian. He ought to be; he is on his feet every day. He had this to say:

> The particular point that the house is voting on is the request that the four per cent floor be wiped out.

What happened? I jumped up immediately and said:

> No, no. I must make this correction. What the house is voting on is that the Minister of Finance (Mr. Abbott) should give consideration to this proposal.

The hon. member for Winnipeg North Centre said, "That is right". He does not say that is right today. The Minister of Finance

gave consideration. After giving consideration a second time he presented the form of relief given in the increase of the ceilings on deductions.

I should like now to turn to the other point which is causing considerable debate, the matter of the changes in the personal income tax. Each speaker has questioned whether or not we are to get a reduction in income tax this year under the new bill which of course is not yet law. The difficulty perhaps arises because of two things. One is—and it is understandable—that the people who are dealing with taxes all the time take for granted that everybody understands them as quickly and easily as they do. It is a common failing with almost every group of professional men. The second difficulty arises because of two points in connection with our present income tax procedure. The first is the division of the tax year, and the second is the impact of the social security payment contained in the old age pension bill.

Let me deal with the first difficulty, the matter of the tax year. When we collected taxes from individuals in the same way as today we collect taxes from corporations, at the end of their fiscal year, there was no problem. We could make changes in taxes effective this year and the individual did not have to make any payment until next April. During the war however we turned to deduction at the source, payroll deductions each week, fortnight or month. I think both the taxpayers and certainly the government agree it is a great improvement. The taxpayer is not faced each spring with a debt he cannot pay, and the government is assured of even revenue throughout the year. But this system has difficulties. For example, last year the income tax bill with the surcharge was not formally approved until June, but income tax deductions at the previous rate had been going on in that year since January 1. We approved a 20 per cent surcharge on the old rate.

Let me trace it through in sums. I shall use the example the hon. member for Rosetown-Biggar used yesterday, the simple case of the married man with an income of $3,000. He has an exemption of $2,000. His first $1,000 of taxable income in 1950 was taxed at the rate of 15 per cent, and in 1950 he paid $150. That rate was also in effect for the first six months of 1951 until the change was made by parliament. We then voted a 20 per cent surcharge on that, which actually made the increase 20 per cent of 15 per cent, or a total of 18 per cent. If we had wanted that to apply to the whole tax year, having regard to the fact that deductions in the first half had been made at the rate of 15 per cent, we would have had to set up tables of deduction at the rate of 40 per cent surcharge for the last half of the year.

In January of the next year we would have to withdraw all those tables from every industry in the country, get them to change all their payrolls and substitute new tables going back to the 20 per cent figure. Therefore we only made the 20 per cent surcharge apply to the last half of the year, which was a gain for the taxpayer in that year. There was no change until the 20 per cent surcharge became law last June. On the first half year's income no surcharge was paid, and on the last half year the surcharge was 20 per cent, or an average over the year of 10 per cent. Therefore while in 1950 he paid $150, he paid $165 in 1951. The 18 per cent rate has been in effect since last July, and the present tax tables used for deductions this year are on the 18 per cent rate.

If the minister made no change whatsoever in the present budget in the income tax law our man this year would pay $180. Here again we have exactly the same problem because of existing tax tables and deductions already made. The minister has decided to remove the surcharge and get back to a revised scale. He has reduced the basic rate from 18 per cent to 17 per cent, but at the present time, and up until June when the present bill will be passed and become law, deductions at the rate of 18 per cent are being made. After July 1 deductions at the rate of 17 per cent will be made. Over the year therefore the individual pays 18 per cent on the first half of his taxable income and 17 per cent on the other half. The net change is that this year he will pay $175 in income tax, but next year when we will not have this division and will have got down to the 17 per cent for the full year, his tax will be $170, this is down 6 per cent on the $180 he pays under the present law. This taxpayer's tax before Korea was $150. The surcharge brought it up to $180 for a full year. The reduction in the budget brings it back to $170 for a full year. However, just as last year with the split between no surcharge and surcharge, this year with the split between surcharge in the first half of the year and the 17 per cent rate in the second half an intermediate stage will be reached where his tax is $175.

The other point is the matter of the social security tax. The social security tax, the old age pension tax of two per cent of taxable income, does not even appear in the Income Tax Act. That is by design. We all know the story of the demand and desire for social security in this country. We all know there

are many people on the hustings who claim that social security is free, that the government pays for it. Therefore we have a demand for bigger and bigger payments out of the treasury, apparently with blind ignorance of the fact that the treasury can only be supplied by taxes from the taxpayers. I think most people in Canada who are in favour of social security realize that there must be some direct connection so far as the individual is concerned between what he pays and the benefit he gets. That is why the old age pensions committee, which did such good work two or three years ago, recommended the method of payment they did, the 2-2-2 principle—two per cent income tax, two per cent sales tax, two per cent corporation tax.

It could have been done in another way. The cost of old age pensions at 70 to the federal government today is $322 million. Today in Canada there are about 5,200,000 people gainfully employed. If each man working in this country had to pay a direct old age pension tax, contribution, premium, whatever you care to call it, it would amount to $62 a person a year. We generally think, however, of taxpayers as those who pay income tax, and there are between 2,500,000 and 2,600,000 income taxpayers today. If only income taxpayers paid for old age pensions by direct contribution it would amount to $124 each a year. For very good reasons, however, the old age pensions committee did not want a direct payment as you would pay an ordinary private insurance premium and they arrived at the 2-2-2 principle. The two per cent on income is the premium for that insurance, and it is the only premium directly visible to the individual. If people want to lump that two per cent for old age pensions into the general income tax, then with equal logic they should lump the unemployment insurance premium into the general income tax, with equal logic workmen's compensation premiums, and with equal logic the payments they make for other insurance.

One obvious exception is family allowances, where we do not in any way attempt to separate the contribution, premium, or whatever you want to call it, from general taxes. There again I think the figures are interesting, because in the case of family allowances we do acknowledge in the tax tables that these are paid directly out of taxes and compensate for this in the children's tax exemptions. As you know, we have two different types of exemptions for children. There is an allowance of $400 if the child is not in receipt of family allowance. That is in the case of a child over 16 or a child of a family that has not been in the country for a year. Again taking the example of a man with two children, that means that the man with two children not in receipt of family allowance actually get an income exemption of $2,800 a year. On the other hand, the man with children eligible for family allowance does not receive as big an income tax exemption. He receives only $150 a year for each child, therefore on the face of it his total exemption is $2,300. However, when the tax he pays to the government is equated against the family allowance he gets in cash from the same government we find that he has to earn more than $3,147 a year before he actually makes any net payment to the government. Just as a matter of interest, a man with five children, if they are not on family allowance, has no income tax payment to make until he earns $4,000. If he is in receipt of family allowance, he does not pay any net payment until after he has earned $4,750. These are, without a doubt, the highest income tax exemptions in the world.

Turning now to corporation taxes. It is true that we were only able to reduce that by ·6 per cent. I think the businessmen and industrial leaders of this country still believe that, high though this corporation tax is, it is much better, gives greater encouragement to production and less encouragement to waste than if we had introduced an excess profits tax.

Another interesting point is the relief given to a certain class of corporation, those public utilities which are controlled by the provinces and regulated so far as their rates and profits are concerned. We already pay half of the corporation tax on the earnings of these public utilities back to the provinces. Of course, this comparison can only be made in some provinces because in others, notably Ontario, these utilities are for the most part publicly owned and pay no corporation tax. This puts the private utilities at a disadvantage. This 14 per cent reduction in corporation tax to them is a measure of relief because of that situation.

Then, at the other end of the scale the minister has commenced something which I think is very laudable. In this country today we have this combination, side by side, of privately-owned companies and crown companies. The great advantage these crown companies have, of course, is that they do not pay corporation taxes. When the corporation tax is 50 per cent in eight of the provinces and 52 per cent in the other two, that is a considerable handicap to private industry so far as comparison is concerned. This year the proprietary corporations of the federal government are going to pay corporation tax to the government. True, it is

only a matter of taking the money from one pocket and putting it in the other so far as the federal government is concerned, but for the first time it will put these corporations on an equal footing with private industry so that we can compare the relative efficiency of private corporations and crown corporations.

Turning now to the indirect taxes, there was an interesting comment made by the leader of the Social Credit party last night. On page 1491 of *Hansard* for April 22, 1952, he said that since the Liberal party came into power they have relied more and more on indirect taxes. Then he said:

> It continues, as any study of the budgets down the years will show.

I would say that the hon. member's study was not a very deep one. I do not want to be unkind, since I have reformed, but he could have gone to the library and found the facts by looking up the last budget before we took office, that is the Rhodes budget on page 1989 of *Hansard* for 1935. In that year only $76 million out of the tax revenue of $336 million were direct taxes. In other words, 22·6 per cent of the tax revenues in 1935 were direct taxes. If the hon. member will then look at page 1259 of this year's *Hansard*, he will find in the minister's statement that $2,600 million out of $4,095 million of this year's tax revenues are direct taxes. Today 63 per cent of the tax revenues of Canada are from direct taxes. We have gone from the 23 per cent we inherited from the Tories to 63 per cent this year—a remarkable change.

If the hon. member were even to study the present budget he would see that the only substantial tax cuts are in the field of indirect taxes, excise taxes, special excise taxes and the tax on cigarettes. Undoubtedly if we could have a single tax today, the best single tax would be the income tax. Fifty years ago they thought the best single tax would be Henry George's single tax on land. Their criterion was different. They thought a tax should be related to the benefit received, but today we think that ability to pay is the soundest criterion of taxation. At the same time I think most of us here appreciate the reasons why a single income tax to replace all other taxes, no matter how desirable it might be academically, is neither desirable nor practical. I remember Mr. Ilsley in 1944 or 1945 giving a very fine statement to the house on this matter.

In so far as excise taxes are concerned, of course the general excise tax has been cut back from 25 per cent to 15 per cent. I remember that last year the member for Eglinton never mentioned the increase in the general sales tax to take care of old age pensions from 8 per cent to 10 per cent as being a 2 per cent increase, but always mentioned it as an increase of 25 per cent. I hope that this year the hon. member will not mention the reduction from 25 per cent to 15 per cent in excise tax as a reduction of 10 per cent but on the same grounds he used last year will call it a reduction of 40 per cent. The reasons, of course, for the increase last year and the decrease this year were given in the two budget speeches of the minister. This tax was put on last time when war came in Korea, and it was primarily for revenue. A secondary reason was the shortage of steel and copper and the need to restrain spending. Well, in the past year the country has been more buoyant, production has been greater, prices and wages have been up, and so of course, tax revenues have been better. The second thing is, of course, an increase in the ability of the steel mills and copper mills of Canada and the United States to meet the demand for steel and copper, and this, to a degree, has relaxed pressure. Moreover the cost of living has levelled off. I do not want to prophesy, but I think that this level will continue, because of the fiscal and monetary actions which were taken by this government to curb inflation. All these factors give the opportunity to give this relaxation in excise taxes.

The customs tariff changes are best discussed when the schedules are before us. Here again there is a very interesting pattern. I came across it because of the remarks of the member for Peace River (Mr. Low) on indirect taxes. In 1867 over 90 per cent of the revenue of this country came from customs tariffs. In 1914 it was 57 per cent and in 1935 it was 26 per cent. In this budget it is down to 9 per cent. In the old days it was a principal source of revenue. It was also a weapon for protection, but primarily it was for revenue. Today it is a minor source of revenue. Because of our adherence to the general agreement on tariffs and trade, and because of the policy of this party towards reducing tariffs especially on primary production, we have steadily reduced the protection aspect of our tariff schedule.

The other comment I would like to make is on the opening remarks of the hon. member for Rosetown-Biggar (Mr. Coldwell) when he recalled the budget introduced when he first came into parliament in 1935. The minister in his budget speech made an analysis of the present expenditures on page 1249, and I think it is interesting to compare 1935 and 1952. This year we are spending

roughly $2 billion on defence, and that of course was unknown in 1935. This $2 billion defence expenditure has been acknowledged as a necessity by all parties in this house, and some parties would go farther than that. There is $900 million for social security which the minister mentioned, and that was almost unknown in 1935. Today old age pensions, old age assistance, family allowances, veterans benefits as a consequence of the war, unemployment insurance, and national health grants are with us and I think every party in this house approves of those things. The greatest check, and I think a necessary check from a taxation point of view, is that with the social security benefits there should at all times be a realization of the cost. The best way to do that is to directly associate the benefits with some definite contribution as we have done with the old age pension.

There is $180 million for provincial subsidies and tax rentals. Subsidies, of course, were known in 1935 but tax rentals were unknown. Tax rentals have been, for eight provinces at least, a very forward step in spreading across the country extra revenue because of increased national production and increased population. There is $440 million for interest on debt. The main reason for that great increase was the last war. The only way to reduce that burden is the way the Minister of Finance has been following since the end of the war. There has been $2,300 million taken off the principal and $62 million a year off the interest. We have actually paid the total cost of the first three and a half years of the last war.

Then, finally, there is $100 million in grants and subsidies, subsidies on freight rates, coal, lime and all these various subsidies which the groups in this country urge upon us and which members of parliament, especially the opposition, think are too niggardly. Of all these amounts almost $1,500 million are transfer payments and not expenditures by the federal government. They are actual transfers of cash passed to the provinces and individuals for them to spend. That leaves out of our present budget about $580 million for direct operating budget, and $157 million for capital construction and replacement. In relation to 1935, when you take into account first of all increased costs and prices and, second, the expansion of this country, that is not at all an unreasonable expansion, in direct operating costs. It is in the other directions —directions approved by this parliament— that our budget costs have gone up so greatly since 1935.

In conclusion I want to turn back to the financial critic of the opposition.

An hon. Member: Oh, do not bother about him.

Mr. Sinclair: I was interested in his quotations. Ten times he quoted from the Winnipeg *Free Press*. For 50 years the Winnipeg *Free Press* has been the scourge of the Tory party in the prairies and still is and when they run their next stinging editorials about the Tory party and the party leader, I hope he will again favour us with ten quotations from the *Free Press*.

The other opinion he quoted was of a magazine. There were eight references to the *Atlantic Monthly*. I know the *Atlantic Monthly*, slightly; it is a magazine devoted to literature, poetry and the arts. I have never heard the *Atlantic Monthly* regarded as a journal of standing in the economic, financial and business worlds. I went and read the article. It is not even a signed article. Right in the same reading room, however, are many other American papers and business and financial journals such as the New York *Times*, the New York *Herald Tribune*, the *Daily Mirror*, the *Wall Street Journal*, the *Journal of Commerce*, right across the country to the Seattle *Post Intelligencer*. All of them were carrying laudatory editorials and comments in their issues after presentation of the budget. The financial critic of the opposition has reason to smile. He remembers the hard work it was for him to find just one lone literary magazine which criticized the Canadian budget. Perhaps he read the interesting proposal in an editorial of the New York *Daily Mirror* which, after the presentation of the budget, vividly contrasted the Canadian position and the American position to the great advantage of Canada. Then they finished up by saying that if nations operated like a baseball league, they thought they should do what baseball teams do when they are weak and want to improve their team. They said they should offer three of their American cabinet ministers for Doug. Abbott in a swap. They might actually be doing that now because the minister is now down in the United States as guest speaker at the annual meeting of the American chamber of commerce.

I will not weary the house with American praise and analysis, however objective and impartial. In conclusion I will just come to the home town of the hon. member for Greenwood (Mr. Macdonnell) and quote from a paper which is the leading financial paper not only of that city but of Canada. It is a paper that I am sure he has read every week for the last forty years of his life. I refer to the Toronto *Financial Post*. In the issue of April 12, 1952,

the leading editorial—right after the budget—is headed "It Hurts, but it's Sound" and it reads as follows:

> Under the circumstances most must agree that Mr. Abbott is following sound fiscal policy for a period when the country is enjoying a very high degree of real prosperity and when government revenues were never more buoyant. We are paying our heavy defence bills out of current income and not out of loans.

Or out of deficits. That is my own comment.

> We are using surpluses to reduce the national debt. It is down a very creditable $2·3 billions since the end of the war. There are people in other countries who only wish that their own governments would or could follow our example. Painful as it may seem to be, this tough fiscal policy makes Canada the envy of the world.
>
> No one likes paying taxes, and our taxes, judged by any standard, are certainly high. But if we are honest, we must admit that our capacity to pay is also high.
>
> As all taxes, federal, provincial and municipal have risen so has national production, savings, wages, salaries and profits. The proportion of all taxes paid (federal, provincial, municipal) to gross national product is almost exactly the same as it was in 1939—about 15 per cent.

If I may interject something there, I should like to point out that the financial critic in his speech mentioned a quite well-known paper by an Australian economist Clarke, saying the danger point would come for a nation when its total tax collections came close to 25 per cent. The *Financial Post* estimated all Canadian taxes at 15 per cent, so we still have an ample margin, through good management.

> Our country was never more prosperous than it is today. After making all allowances for the rise in prices, there has been very real expansion in real output of goods and services.
>
> The development of new resources is proceeding at a pace never before approached. Capital investment has reached new levels in the past year and notwithstanding a record inflow from other countries, the remarkable fact is that nine-tenths of that new investment has been by Canadians. These are vital factors to be considered along with any national budget this year and in the years ahead. No budget is likeable; none is perfect. In the days and weeks ahead, before the amendments are enacted, it is to be hoped responsible citizens will present their views to the legislators. There are some administrative amendments which could well be made.

With that last sentence members may agree.

In conclusion my last word is to the financial critic of the opposition whom I should like to ask this one question. We have listened to his Cassandra-like prophecies, which may be found at pages 1494 and 1496 of *Hansard*, such as that we were living in a fool's paradise, that the boom would burst and that trade was going to fall off. We have had that sort of thing from him for five years. Let me ask him this one question. Where, in the world today, is there any country whatsoever with a sounder economic position, a better fiscal policy, better development, or a higher level of employment than this country of Canada under the present Liberal administration?

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, I am sure that all members of the house have felt a certain sympathy this afternoon with the parliamentary assistant to the Minister of Finance, who has just taken his seat. He had great difficulties to contend with in supporting the budget.

Some hon. Members: Oh, oh.

Mr. Fleming: I am sure that no one was more conscious of those difficulties than he was. The role which he has chosen for himself, apart from this great initial difficulty, is certainly a new and unparalleled role for him, namely the role of moderation in speech in the house.

An hon. Member: You follow it.

Mr. Fleming: The parliamentary assistant has today chosen to follow the good example I have set him on former occasions.

Some hon. Members: Oh, oh.

Mr. Speaker: Order.

Mr. Fleming: I followed his speech with great interest. In his new role of moderation it perhaps did not have quite the same interest as usual for the house. I noticed that the Liberal supporters in this house were just waiting for one of those customary slashing attacks on the opposition but somehow or another it did not come, and those disappointed colleagues of his had to sit back until the conclusion of the speech in order to have their long-awaited opportunity to contribute their cheering.

I have a simple belief that all things should be in season. This budget is out of season. This budget was introduced in April, but it should have been brought down at Hallowe'en, for it is a budget with a false face. One would have supposed that those who have listened to the hon. gentleman this afternoon would have been struck with astonishment that the people of Canada do not entertain the opinion of the budget with which he closed his speech this afternoon. That public opinion is one of the finest examples to be found anywhere of the application of intelligent thought in a democratic country to the errors of a government in its budget.

When the hon. gentleman calls for cheers for our opportunity to live in Canada I join with him in expressing appreciation to Providence that my lot is cast in Canada because here, among other blessings that we enjoy, the Canadian people still have the opportunity, as they have the intelligence, to see

through this budget and to see it for what it is. This budget has not succeeded in fooling the Canadian people. Hon. gentlemen opposite ought to get that fact clearly in their heads right now. Public interest which had been fanned to a high degree by public impatience over the intolerable load of taxation under which the Canadian public has been suffering under the present government, has had the effect of fixing the glare of public attention—yes, and I think parliamentary attention—on the essence of this budget. And the verdict of the Canadian people, which has received wide expression, is that this budget, if possible, sir, is even worse than last year's. There is no principle in this budget; there is no guiding aim in it. It is a budget of expediency, and nothing better. The public indeed has lost all confidence in the present government's budgeting.

Mr. Sinnott: No, they have not.

Mr. Lapointe: Moderation.

Mr. Fleming: What shall we say of the speech in which the budget was offered to the house? Well, as has been pointed out in this debate and in newspaper articles, it was accompanied on the part of the Minister of Finance (Mr. Abbott) with a good deal of sleight-of-hand, of juggling, and I think we may compliment the parliamentary assistant to the Minister of Finance, if it be a compliment, that he has added to the minister's sleight-of-hand some sleight-of-tongue today. I am prepared, too, to leave that public verdict on the basis of a summary of press opinion which appeared in *Le Soleil,* in the issue of April 12. This is the way in which the budget commentaries appearing in the press were summed up in this newspaper:

La presse française du Québec a accueilli avec une impression teintée de désappointement le budget de M. Abbott. Aucun journal ne lui manifeste de l'enthousiasme. La note générale est celle d'une déception.

If I may attempt a translation of that article, Mr. Speaker, I would say that it runs like this:

The French press of Quebec has greeted the budget of Mr. Abbott with an impression tinged with disappointment. No newspaper manifests enthusiasm for it; the general note is that of a deception.

I am prepared, sir, to put the verdict of the Canadian people on precisely that basis. One goes back in memory to that day in somewhat similar circumstances in April, 1949, in this house when the Minister of Finance said: "Let us not fool ourselves, even if we are trying to fool the people". Sir, on this occasion the people have not been fooled, and hon. gentlemen opposite, as I have said before, ought to have that fact clearly impressed upon their minds by now.

Mr. Sinnott: Nobody is trying to fool them at all.

Mr. Fleming: And with all the air of mock modesty with which the minister approached his task one failed to find anything very modest in the essence of his statement. What of the 1951 budget, sir? It was the worst in Canadian history up to that time, without exception. And the Minister of Finance showed himself extraordinarily and unusually sensitive to criticism in respect of the inaccuracies and the blunders of last year's budget. He says that the policies of the government had been proven to be wise and right. Well, it took him a long time that night, Mr. Speaker, in the course of his speech, to try to justify the wisdom and the correctness of those policies. Certainly it was not apparent to anyone else, and he had to labour hard and long to prove that there was any wisdom or anything correct in these policies. I think the Canadian people know by this time that the way in which they should measure the accuracy of last year's budget is not by the figures that have been given by the minister as to the surplus, but they should measure last year's errors by the extent to which overtaxation, as compared with estimated expenditure, resulted in a budget surplus which has been whittled away now by additional expenditures and by non-budgetary allocations which have had the effect of creating a certain diminution in what is otherwise shockingly and unjustifiably bad budgeting.

Sir, we have seen the effects of last year's budget manifested in downright hardship on the part of the Canadian people, restriction in development, unemployment, smuggling. And the credit restrictions, the minister tells us, are to continue. Credit restrictions have hampered and restricted enterprise in many directions, have been discriminatory in their effects as between different kinds of businesses, and have also been discriminatory in favour of the larger interests at the expense of new businesses and smaller enterprises.

But what has become of the budget surplus? It was $721 million on December 31 after the fiscal year had run but nine months of its course. The great Ottawa mystery of this spring of 1952 is, where is the vanished surplus? The minister has announced a budget surplus of $356 million. Well, what has become of this surplus? That bears some examination, Mr. Speaker.

In launching upon that inquiry it is no amiss, I think, to recall the variety of the

approaches that the government has manifested with respect to the virtues of budgetary surpluses. Last spring, a year ago now, when the minister was budgeting for a surplus of $30 million he and those associated with him had not a good word to say for surpluses. They did not budget for a surplus of more than $30 million. Where then were the virtues of debt reduction? We did not hear anything about that, because only $30 million was to be provided for by way of surplus. Then, as the year progressed, of course the tune changed, and we heard from the minister declamations about the virtues of big budget surpluses and debt reduction. Yes, we heard the minister say on the radio last February:

It has been an excellent thing—

He was referring to the budget surplus which then stood at $721 million. I continue:

It has been an excellent thing not just for the government, but for each and every one of you.

He was referring to the hard-pressed taxpayers of this country. Well, so much for the contrast between the minister of April, 1951, and the minister of February, 1952. But then the Prime Minister (Mr. St. Laurent) joined the chorus when he spoke in this house in the throne speech debate on March 6. He not only lauded the surplus, but in taking up the remark of the leader of the opposition (Mr. Drew) that the effect of the surplus showed that every family in Canada had in those nine months been overtaxed to the extent of $250 each, the Prime Minister rose and proclaimed the benefits of that overtaxation of every family to that extent. At page 172 of *Hansard* we find the Prime Minister using these words:

And if the amount of commodities had remained what it was, and there had been $250 more purchasing power for every family of five—well, in my simple logic I would come to the conclusion that that would have added to the inflationary pressure instead of the fact of its having been withdrawn as purchasing power adding to the inflationary pressure.

But now, sir, we have moved forward again another six weeks. We are now in April, 1952, and the tune has changed again. We no longer hear of the virtues of planning for debt reduction or planning for surpluses. The minister is now content to plan for $9 million, which he says is tantamount to a balanced budget. Well, it is very difficult, I am sure, for the house. I fancy hon. members have long since given up any attempt to keep pace with these frequent changes on the part of the minister, these kaleidoscopic changes that occur almost from month to month. The minister now says, according to his radio speech on April 15:

The government does not think it is necessary to plan for a surplus under present conditions.

[Mr. Fleming.]

Therefore all the oratory we heard about the value of the surplus, and all the oratory we heard from the other side about the virtues of debt reduction, have been put aside now in favour of a new doctrine, a new theory on the part of the Minister of Finance. Well, I suppose when the new surplus in the new fiscal year begins to mount up in another two or three months we will again hear, brought out of the mothballs, the familiar music of the virtues of the big surplus and the debt reduction. We in this party, sir, have said that we believe in debt reduction, but we do not want to see it left to adventitious circumstances arising accidentally or as the result of blunders on the part of the government. We want to see this debt reduction planned for and planned wisely.

Where is the surplus? How has it shrunk? We know now that the big surplus, as it developed, tempted the government, as we in this party said it certainly would. That big surplus tempted the government into big expenditures in the closing days of the fiscal year. And so they had to find a means of disposing of a quarter of a billion dollars, and relieving themselves of the embarrassment of this grossly excessive surplus in that way. And then, of course, they found ways of expending another $300 million in non-budgetary expenditures, which means that the money rests in the consolidated revenue fund, but it does not appear in the surplus. They just dumped these $300 million in various pockets of the consolidated revenue fund, and announced to the public that the surplus had been reduced by that amount.

The disappearance of the budget surplus is not explained in the minister's speech. And if the house will simply put together three figures it will find a solution of the current mystery on parliament hill, and in this way: Additional expenditures by the government in the closing days of the fiscal year, $247 million; non-budgetary expenditures, $300 million, and an admitted budget surplus of $356 million, making a total of $903 million. And that is the measure of error and blunder of the government last year in its budgeting—$903 million. And that, sir, is the measure of the extent of overtaxation of the people of Canada.

Lop off some of that, if you like, for some of these items; the fact remains that the people of Canada, in the fiscal year 1951-52, were overtaxed, grievously overtaxed, to an extent never paralleled in the history of this country. And may heaven protect us from a repetition of grievous blunders of that kind and grievous impositions of that kind on the part of this government!

This new budget, what in reality does it involve? Strip off the masquerade and the

false face, and what do we find?—not that taxes have been reduced, but that the people of Canada are to be submitted to an increased burden of taxation.

Look over the totals. Last year the government took from the Canadian people $4,003 million; this year they estimate to take from us $4,279 million for general purposes and $235 million for social security, making a total of $4,514 million, or an increase of over $500 million. Now, leaving out entirely the social security amount, and simply putting it on the basis of comparing expenditures last year with expenditures in this coming fiscal year, and apart from the additional social security tax, the budget will increase taxes this year to the tune of around $275 million.

And let the parliamentary assistant to the Minister of Finance note this, that the people of Canada are going to realize—yes, indeed they do realize now—that this is not a budget that brings them any relief from the burden of overtaxation. This is a budget which adds to that grievous burden. Well might this budget, looking back to its parent the 1951 budget, say, as King Rehoboam did, as it is recorded in the first book of Kings:

> My father made your yoke heavy and I will add to your yoke: my father also chastised you with whips, but I will chastise you with scorpions.

And when the Minister of Finance says that this year he simply is balancing his budget, that his surplus will be a nominal $9 million, I am sure the memories of hon. members are not so short that they will forget that last year, with an equal parade of concern, the minister said that he was budgeting for a surplus of only $30 million.

Well, if we have the same kind of error this year as we did last, we will find at the end of the year that this estimate is out $903 million, less $21 million, which will leave him out roughly $882 million, according to my mental arithmetic. The House of Commons will be very sceptical, indeed, of that $9 million surplus, because they no longer have any faith or confidence in the budgeting by this government.

Now, what about this vaunted reduction in the excise tax? Well, let us strip the masquerade off this. Let us remember, sir, that those increases were applied last year and the previous year in the face of warnings from the official opposition that they would result, as they most certainly did result, in feeding the fires of inflation in this country. What has the government done by way of removing the tax that it heaped on last year? Sir, they have not even gone back to remove the impositions of the fall session of 1950. They have simply eliminated the additions to these excise taxes in 1951—the additions. Oh no, I have been too generous. It was only the additional excise tax they removed; because the sales tax, about which the parliamentary assistant did well to remind us today, is still 10 per cent. It remained. And the people of this country know, from their unhappy day-to-day experience, that that sales tax of 10 per cent applies to many of the basic necessities of life, such as clothing, boots and shoes, many prepared foods, household furniture and the like. There is not one cent of relief from that excessive taxation.

And we will not forget the late Mr. Mackenzie King, who went up and down this country in the election campaign of 1935 denouncing the sales tax as "that iniquitous tax." And when the parliamentary assistant today talks about what this government inherited from the Tories, I will remind him, for apparently he has forgotten, that what the Liberals inherited from the Tories in 1935 was a 6 per cent sales tax, which the Liberals have since increased to 10 per cent. And that, according to my simple calculation, is a relative increase of 66⅔ per cent.

We have heard much about the decreases, or the removal of the additions made last year in these excise taxes. Those Liberal members in the house who cheered the other night when the minister announced that they were coming off are the very same members who stood in their places in this House of Commons and voted solidly last year to impose those increases. And let the electorate at home not forget that fact, Mr. Speaker. The government have not undone the wrong they did last year.

Hon. members will have in mind those words from Isaiah:

> Cease to do evil; learn to do well.

The government in this instance has proposed simply that the evil they did last year should not be continued now; but they have yet to learn to do well. They have not attempted to repair any of the injury they did last year. That remains. And I tell you from my seat in the House of Commons that one cannot exaggerate the harm that was done to those upon whom those grievously excessive and discriminatory increases in excise tax applied last year. It affected their businesses; it affected their employment; and it did untold harm, which no member in the house can appreciate adequately.

And, sir, that harm remains done; the minister has done nothing to repair the injury that was done last year. He has simply ceased to do evil by ceasing to continue to impose those burdensome and improper additions. We will not give any credit

to a man who simply removes taxes that he imposed last year, despite the warnings we gave him that they would feed the fires of inflation—as feed the fires of inflation they certainly did.

Now, what about the income tax? Again here, instead of going away with the cheerful impression the minister invited in his budget speech that night, what we see when we remove the masquerade from the budget is that what the minister has done is to increase the income tax. As I have said, the total burden of taxation is greatly increased. The burden of the income tax is also severely increased. And I am content to accept the dictum as set out in *Le Soleil* of April 12, in this particular aspect, when it said:

(*Translation*):

The general note is that of a deception.

(*Text*):

Speaking of the note that runs through the press *Le Soleil* indicates that the reaction to this budget is that of a deception.

(*Translation*):

Mr. Chevrier: Your speech is another deception.

Mr. Fleming: No indeed, I am not mistaken; but it gives me great pleasure to read to the house, and more particularly to the minister himself, the excerpt which I have just read from *Le Soleil*, a worthy newspaper from the province of Quebec.

(*Text*):

The iniquity of this budget is shown in no particular more than in the fact that whereas it pretended to decrease the income tax, it in fact increased it. And those increases are found to be heaviest upon those with lower incomes. I am not going to go over the whole story because yesterday afternoon the hon. member for Rosetown-Biggar (Mr. Coldwell) and the hon. member for Peace River (Mr. Low) put figures and detailed calculations on the record. The argument is unanswerable that this budget has committed a cardinal sin. Having disguised itself as a budget that reduces the income tax, having been exposed as a budget that increases the income tax, it has committed the sin of imposing those increases most heavily upon those with lower incomes.

Let us look at the corporation tax. Was that worth all the time spent on it today by the parliamentary assistant? There is a reduction, but what does the reduction amount to? Instead of paying 52·6 per cent the corporations are going to pay 52 per cent next year. They are to be expected to throw up their hats in the air and cheer the budget. Our eyes are not closed to the fact that when the government heaps up taxes upon corporations, in the main those taxes ultimately rest upon the shoulders of the consumers. What were the effects of the increases last year in the corporation taxes? They were passed on where possible and the effect was inflationary as it added to the cost of living. It did not matter that the minister was warned about this, because the minister does not listen to anybody. He is not even here now because of an engagement to address the American Chamber of Commerce, if you please. Apparently that is more important to the minister than to be present in the House of Commons when his budget is being debated. There is nothing unusual in that because the minister would not listen to us even if he were here.

Mr. Sinclair: As the minister is not here perhaps I should rise to say that this engagement is at least three months old and the minister told both the leader of the opposition (Mr. Drew) and the financial critic. I am sorry he did not also inform the junior financial critic.

Mr. Fleming: I suppose the parliamentary assistant thinks that it is an end of the matter when he says that the Minister of Finance (Mr. Abbott) after the thing was done came over and acquainted the leader of the opposition and the financial critic of the official opposition with the fact that it had been done. Let me make it perfectly clear to him that that is not good enough. Surely the Minister of Finance has a first obligation when the budget introduced by himself is under debate in the house to be here throughout that debate. I have said that it would not make any difference if he were here because he would not listen to anybody, anyway.

Mr. Sinclair: On a question of privilege, I suggest that the leader of the opposition has an obligation to be in the house to listen to the junior financial critic.

Mr. Fleming: I am sure the parliamentary assistant derives satisfaction from taking up my time.

Mr. Sinnott: Where is he today?

Mr. Fleming: He will be here, do not have any fear. I think the hon. member will have his hands full looking after himself and explaining to his constituents how he comes to support a budget of this kind which adds to their already excessive burdens. There are only two ministers in the house during this present discussion.

What is the result of these present taxes on corporation profits? There is this fact which the minister would do well to ponder. He treated the house last year to a pious expression of regret that taxes on corporations were so high. The country needs something more than a pious expression,

especially when we see the results that flowed from last year's budget. We see the Bell Telephone Company obtaining authority to increase their rates by over $14 million, of which nearly $8 million went for direct taxes. It was so also with the increases in railway freight rates. The minister boosts the taxes, but who pays them? The consumer.

The taxation which the government is heaping up in this present budget means that every man, woman and child in Canada will on average pay in excess of $300. As the financial critic of the official opposition pointed out yesterday, it means that the average Canadian family of five will be paying about $1,715 in federal taxes alone. Is it not about time that the people of this country had an opportunity to say that they do not want to be smothered by the impositions being heaped upon them by the government at Ottawa?

In order to show what this taxation means in terms of burden on the Canadian people I turn to newspapers published in the province of Quebec which have passed accurate and pungent comments upon the scale of taxation applied during the fiscal year just ended. I look forward to hearing their comments on the much heavier taxation that is proposed for this new fiscal year. Here is the comment made by *Le Devoir*:

Les impôts règlent l'activité économique d'un pays. Quand les impôts deviennent excessifs, ils tuent l'esprit d'initiative et le commerce aussi sûrement que les détruit le socialisme.

If I might attempt a ready translation of that it would be that taxes regulate a country's economic activity. When taxation becomes excessive it kills industry and trade as surely as does socialism.

In a recent editorial *L'Action Catholique* had this to say:

Le gouvernement fédéral saigne le contribuable canadien à blanc.

I translate that to mean that the federal government is bleeding the Canadian taxpayer white. That was for the fiscal year just closed. How much whiter can this government bleed the Canadian taxpayer in the fiscal year 1952-53? The Minister of Finance is at least going to try.

Let us remember also what this is doing to the whole fabric of confederation. The distinguished premier of Ontario pointed out in a speech on April 21, as reported in the Toronto *Daily Star*, if you please, of April 22 as follows:

A dozen years ago the federal government took 49 cents of every tax dollar; the provincial and municipal governments took the remaining 51 cents. Now the federal government is taking about 73 cents of every tax dollar and the province and the municipalities divide the balance of 27 cents.

The way this government is going on to bleed the Canadian taxpayer white is having the effect of upsetting the whole scheme of confederation. While they go ahead and levy these impositions they try to make a great thing of the fact that having overtaxed the people they are ready to hand back certain amounts. The Minister of National Revenue (Mr. McCann), who is not here today either, made a press announcement on February 19 that out of approximately 3,500,000 taxpayers more than 2,000,000 individual taxpayers will be entitled to refunds on their 1951 income tax of a total amount in the neighbourhood of $60 million.

What does that mean? Does it mean that the federal government is doing right by the Canadian taxpayer in making refunds? Rather it means that even in the face of its outrageously heavy rates of taxation last year levied through the income tax the federal government overtaxed two million taxpayers, or more than half of those subject to income tax. Now they make great fellows of themselves and make a great display of handing back the excess. The best reaction to that kind of tactic that I have seen appeared in the St. Catharines *Standard* of February 22, 1952. The article reads as follows:

The Minister of National Revenue, Dr. McCann, made a nauseating little speech the other day about all the lucky taxpayers who were going to get some money back from the government. Two-thirds of the nation's taxpayers, he indicated, would get some sort of rebate on the taxes sucked out of them during the past year . . . This noble gesture on the part of Dr. McCann is something like a bank robber returning to the scene a year later and handing a surprised manager a few of the greenbacks he stole. The manager doesn't get down on his knees and lick the bandit's boots in thanks, and neither do we. If they don't mind a suggestion up at Ottawa, we'd as soon keep possession of our own dough, instead of having them look after it for a year and then return it when it isn't worth as much as it was when we earned it.

Mr. Graydon: Without interest.

Mr. Fleming: It continues:

If there were no hidden taxes, and we were all made aware at many points of just what we are paying in taxes, there would be a greater demand for careful spending and an end to extravagance in government.

So much for the Minister of National Revenue. The expenditure that I have indicated as contemplated by the budget will be boosted to record heights. Never in the country's peacetime history has there been anything approaching it, and if I recall correctly even in wartime there were only three years when expenditure, even when we were in the throes of a life and death struggle, exceeded the expenditure budgeted for by the minister for this present year. Profligacy is written all over the acts of this government. This is a spendthrift government. Yet it even has the temerity to preach thrift, and

item 587 in the recent supplementary estimates is a vote of $10,000 to assist a particular organization to carry on a thrift campaign. I wish the minister were here because I should like to say to him: Physician, heal thyself.

Mr. Sinnott: The parliamentary assistant is just as good.

Mr. Fleming: Thrift is a great thing for other people to practise, in the view of this government. It is high time the government practised a little of its own abysmal preaching. The mentality shown by the budget is just that shown by the Minister of Defence Production (Mr. Howe) in 1945 when he said, "What's a million dollars?" It was not worth saving. Hon. members will recall that in the fall of 1948 during the negotiations with Newfoundland somebody mentioned a figure of $180 million and the Prime Minister (Mr. St. Laurent) said, "What is $180 million? That is just peanuts." When methods can be so loose that a budgeted surplus of $30 million can expand to $900 million you have some measure of the utter unreliability of this government.

When we, of the official opposition, in decrying the extravagance of the government and the shocking wastefulness with other people's money, money of the Canadian taxpayers, call for up-to-date methods that would afford parliament an opportunity of applying the searchlight of publicity to these expenditures, what are we met with? We are baffled at every turn by the government's refusal to permit the introduction of methods that would enable us to really get at these expenditures and expose the extravagance in them. When the leader of the opposition (Mr. Drew) a fortnight ago asked the Prime Minister if he would agree to the estimates of the Department of National Defence amounting to over $2 billion being referred to the special committee on defence expenditures for review, he was met, as he has been met repeatedly, with the same old answer—no. Why does the government not want parliament to have an efficient and up-to-date method of reviewing these expenditures? I leave that question to the house.

Look at social security. It has been made quite plain that the government has bungled the financing of that the same as they have bungled the financing of everything else. The old age security plan was to be on a pay-as-you-go basis. The plan has already become a deficit plan. There is a deficit of $58 million this year. The basis of the scheme has so far not been honoured by the government.

I have time to mention only one other matter. I should like to have spent some time on what the government has done in ignoring, yes, defying the clear expression of opinion of the house given on March 26 that the four per cent limitation on medical expenses as deductions from income tax should be removed. What the house said on that occasion in the clearest—and unanimous—expression of opinion was that the four per cent limitation should go and that all medical expenses should be recognized as deductions from taxable income. But the minister has ignored, yes, he has defied, the clear expression of opinion of the house, and in the face of the kind of sophistry that we heard on this subject today from the parliamentary assistant to the minister we can only be left with the conclusion that either the house has been defied or the house was hoodwinked on March 26. There has been no attempt on the part of the government to address itself even to the merits of the subject. On that occasion the parliamentary assistant sought to belabour the hon. member who introduced the resolution and said: Oh, this will increase the ceilings. Then, if you please, the Minister of Finance (Mr. Abbott) not only ignores the request for the removal of the four per cent limitation but he boosts the ceilings, the very thing his parliamentary assistant had decried in the house on March 26.

Mr. Sinclair: That is not true either.

Mr. Fleming: These two hon. gentlemen, the minister and his assistant, ought to get their heads together. They are not working together. It is high time they got their trains running on the same track.

We have had enough of this defiance of parliament. We have had enough of this attempt to override and ignore parliament. I hope that by this time the house is sick and tired of the insults the government is deliberately heaping upon it.

I think I have justified what I called the budget in the first place, a budget that should have been introduced in season, at Hallowe'en, because it is a budget with a false face.

Mr. Sinclair: Full of sound and fury and signifying nothing.

Mr. Graydon: He put the light in the pumpkin for you.

Mr. Sinnott: The Tory light is out.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, yesterday the hon. member for Rosetown-Biggar (Mr. Coldwell) moved, and I had the honour to second, the

subamendment now before the house. That subamendment reads as follows:

> This house further regrets that the government has ignored the wish of this house, as expressed by a unanimous vote on March 26, that the four per cent floor under medical expenses deductible for income tax purposes should be abolished.

Despite the tortuous and circuitous effort of the parliamentary assistant to the Minister of Finance (Mr. Sinclair) to justify the failure of the government to carry out the unanimous wish of the house as expressed on March 26, I can tell him that the people of this country feel that they were tricked. The plain fact of the matter, despite all the technicalities upon which the Minister of Finance (Mr. Abbott) and his parliamentary assistant may seek to rely, is that this house expressed a definite opinion when it accepted my motion on March 26.

Mr. Sinclair: To give consideration.

Mr. Knowles: The parliamentary assistant is still trying to trick the people of Canada. But he certainly cannot fool the members of this house.

Mr. Sinclair: It is not that I object very much, Mr. Speaker, to the assertion that I tried to trick. The only thing is that the hon. member has placed the blame in the wrong place. He is the author of the trickery in the resolution asking for consideration.

Mr. Knowles: The hon. member has been here quite a while and professes to be an expert in a number of matters—

Mr. Sinnott: He is, too.

Mr. Knowles: —and he should know that the rules of parliament deny to private members, including himself, the right to introduce motions involving the expenditure of money or loss of revenue to the treasury.

Mr. Sinclair: I mentioned that in my speech.

Mr. Knowles: But he also knows that it is the established right of members of parliament to introduce what are referred to in the authorities as abstract motions which technically do not bind the house but which if passed express the opinion of the members of the house. I agree that technically the motion of March 26 did not bind the house or the government, but it did express the opinion of the members of this House of Commons. I would remind him that Bourinot, in his fourth edition, in discussing these abstract resolutions, after having pointed out that it is impossible for members to move motions that involve directly the expenditure of money, says that they are intended to point out to the government the importance and necessity of such expenditures. An expenditure or a reduction in taxation amount to the same thing. The point I am making is that when members of this house vote on a motion asking the government to consider something they are, in fact, expressing their opinion on the substance of the question which the government is asked to consider.

The parliamentary assistant tried today to make a great deal out of the fact it was only a request to consider. He parroted the words of the Minister of Finance (Mr. Abbott) yesterday, when the minister interjected a remark in the speech of the member for Rosetown-Biggar (Mr. Coldwell). As recorded at page 1486 of *Hansard* for April 22, 1952, the Minister of Finance said:

> The Minister of Finance never refuses to consider any suggestions, whether it is from the House of Commons or from any other place. That was the reason the resolution was not voted down.

Most of us did not come to this house yesterday. We have been here for some time and we know what the practice is with respect to private members' resolutions. If the government does not like them and is not prepared to consider what their substance calls for, they are either talked out or voted down. In some cases, they are withdrawn at the request of the government, when the sponsor is a government member.

Let me remind the parliamentary assistant and the minister what happened a year ago. On February 26, 1951, I moved a motion asking the government to consider the advisability of introducing legislation to amend the Income Tax Act so as to provide for the deductibility of trade union dues. The opening words of that motion were identical, to every jot and tittle, to the motion that I introduced this year on March 26 with respect to the deductibility of medical expenses. I made sure that the wording was identical. My motion of a year ago asked for consideration. Did the Minister of Finance (Mr. Abbott) say on that occasion, as he said to my leader yesterday, that the Minister of Finance never refuses to consider any suggestion whether from the House of Commons or any other place, and that is the reason the resolution was not voted down? Not on your life; the resolution was voted down on February 26, 1951, by the majority on the government side. I was very pleased that in that particular case the Minister of Finance changed his mind some time between February 26, 1951, and the date of his budget. When he brought down his budget of April 10, 1951, he did carry out, in part at least, the request in that resolution, even though the resolution itself had been defeated.

Let me remind the parliamentary assistant and the house generally of some other private

members' resolutions. I had one that was defeated on October 3, 1949. It asked the government simply to consider the appointment of a royal commission to look into the loss of pension rights by Canadian Pacific Railway workers who were involved in the 1919 strike. Did the government say they were prepared to consider anything, and therefore would not vote that down? No, they were against the substance of what was involved in that resolution, and so it was voted down by the government majority.

On February 19, 1951, the member for Fort William (Mr. McIvor) introduced a resolution which merely asked that the government consider the advisability of establishing a committee to consider certain aspects of cigarette smoking. It was only a request for consideration. Did the government say, as the Minister of Finance said yesterday, that the government is prepared to consider anything? No, they said, through the mouth of the Minister of National Health and Welfare (Mr. Martin), that no doubt the member for Fort William would be satisfied that his case had been made. He was asked to withdraw his motion. When some of us refused to give unanimous consent to the withdrawal of that motion, it was put to a vote. Was it allowed to pass because it was simply a request for consideration? Not on your life, it was defeated by the government majority.

The hon. member for Battle River (Mr. Fair) has on a number of occasions introduced a private member's resolution with regard to soldier settlers. I am thinking particularly of the one on February 21, 1951, which asked for all that a private member can ask, that consideration be given to the granting of clear titles to certain soldier settlers. Did the government say, in the words of the Minister of Finance or of the parliamentary assistant, that the government will consider anything and therefore allow it to pass? No, it was defeated by a recorded vote with the government majority seeing to it that it was defeated.

On February 22, 1951, the member for Chambly-Rouville (Mr. Pinard) introduced a motion asking that the government consider, just consider, the abolition of tolls on certain bridges in the Montreal area. When the debate was just about over the Minister of Transport (Mr. Chevrier) indicated that a very good case had been made, that it would be studied, and perhaps in view of that undertaking the member for Chambly-Rouville would be prepared to withdraw his motion. Why did not the Minister of Transport do what the Minister of Finance said yesterday and say that the government was prepared to consider anything, so the motion could pass? No, they did not want to commit themselves to the substance of the motion so the member for Chambly-Rouville was asked to withdraw it. He was prepared to do so, but when some of us said we were not prepared to give unanimous consent to the withdrawal of the motion it was put to a vote and it was defeated, despite the fact the Minister of Transport had just spoken sympathetically about it.

I could go on referring to motions put by other hon. members, such as the one by the member for Cape Breton South (Mr. Gillis) asking for the decentralization of industry. This motion has not come to a vote as yet; it has been talked out and that is another means that is employed from time to time to defeat these motions. What is crystal clear to anyone who wants to face the facts is that when a motion has in it something which the government does not want to have itself committed to, it sees to it that that motion does not pass, even though it technically asks simply for consideration. It either sees to it that it is defeated by the government majority in this house or if it is a Liberal motion it sometimes persuades its sponsor to withdraw the motion. Or again, the motion may be talked out. Therefore, I contend that though my motion asked for the only thing a private member can request, consideration, nevertheless the fact that it passed unanimously means that this house expressed its view not only that consideration should be given to my proposal but expressed its thought on the substance of that motion.

Hon. members who were in the house on the afternoon of Wednesday, March 26, will remember the general feeling that was around the house. They will remember also the general feeling of satisfaction that the government had seen fit to accept the motion, and the hope that that would result in the principle being implemented when the budget was brought down. A short while ago the parliamentary assistant to the Minister of Finance (Mr. Sinclair) read his interjection in what I had to say on March 26, as recorded at page 828 of *Hansard*. May I read some of the rest of what I had to say on that same page, making it crystal clear that I fully recognized the technicality of the position but also that the house accepted the spirit of what I was advocating on that occasion. I said:

> I want to say, Mr. Speaker, that I realize full well that the passing of this resolution does not mean the immediate legislative enactment of what it asks for. The resolution asks for all that a private member, under the rules of the house, can ask for, namely that the government give consideration to the proposal that the four per cent floor, in connection with medical expenses in relation to income tax, should be wiped out.

I take it that if this resolution is passed, since it has won the support of the government, the government will do what the resolution asks, namely will give consideration to that proposal. Naturally I hope the fact that this resolution is passed unanimously by this house will suggest to the government that that consideration should be favourable.

The parliamentary assistant, who says today that he was watching me like a hawk, did not interrupt at that point. I suggest, Mr. Speaker, that at that time I stated the position with exactitude. The position was that technically it was a request for consideration; but in spirit, in terms of what was the thinking and the opinion of the members of this house, we were expressing our unanimous view on a specific idea and we were hopeful that the government would go along with that idea when it brought down the budget on April 8.

People outside the house are not impressed with the technical aspect of this matter even to the extent that I have been prepared to spell it out. People outside the house see this whole picture in terms of parliament, which consists of 262 members, which they believe to be superior to the cabinet of 20 members. People outside this house—and most of us have been home during the Easter recess and have obtained the views of the man in the street—simply understand that the 262 of us, the entire house, expressed a view but then one member in the cabinet rejected that view. The man in the street simply cannot understand such defiance of parliament.

In the press of the country many references have been made to this affair. That is natural, because the morning after the motion passed on March 26 in support of the abolition of the four per cent floor, it was headline news in most of the papers in the country; and within the next few days a great many papers editorialized on it favourably. They were pleased to see that the government had accepted a private member's motion and in particular a motion from the opposition side of the house. Editorial writers in general approved of the substance of that motion and anticipated that the Minister of Finance (Mr. Abbott), after giving it his consideration, would certainly carry out the wish of the house.

It is therefore only natural that many of these newspapers are annoyed over what happened and are now beginning to express their views. For example, I have here an editorial that appeared in the Winnipeg *Tribune* of Thursday, April 17. The heading of that editorial is significant; it is "Parliament be Blowed". The editorial reads in part as follows:

Just how much influence parliament has with the government in some things was clearly shown by what happened to deductions from income tax for medical expenses in the current budget.

The Budget—Mr. Knowles

On March 26 Stanley Knowles, M.P. for Winnipeg, introduced a resolution urging the government to consider the introduction of legislation to permit taxpayers to deduct from their incomes, before computing the amount of income taxes to be paid, the entire amount of medical expenses rather than merely the portion in excess of four per cent of their taxable income, as the act now stands.

The editorial goes on to point out that this motion received the support of members in all sections of the house. It points out also that there was some discussion on other aspects of the problem, notably references to the ceiling, but says that in the end no change was made in my motion and that it passed in its original form asking for the one change, namely the removal of the four per cent floor. Then towards the end of the editorial the *Tribune* says:

Mr. Abbott chose to ignore what amounted to a directive from the Commons and followed something that had been merely mentioned in the debate. He raised the ceilings—something that would benefit only taxpayers with phenomenal ill health.

This is another instance of the parliament-be-damned attitude of the present administration.

I submit, Mr. Speaker, that the parliamentary assistant and those on the other side can argue, if they wish, that it is not technically correct for the Winnipeg *Tribune* to say that that motion was a directive. But that is the view of people who look objectively at the functioning of parliament. They see these 262 members pass a motion unanimously. To them—and in practical terms they are correct—it amounted to a directive from the Commons and the Minister of Finance chose to ignore that directive.

I have here another editorial. This time it is from the *Globe and Mail* of Toronto and it appears in the issue of Friday, April 11. The heading is "A Loaf and a Stone". I will read only two or three sentences of it:

A minor item in Finance Minister Abbott's budget precisely illustrates the contempt with which the federal cabinet treats the views of parliament and the needs of the public. In this instance, it seems to have made a special effort to express that contempt, to assert its lordly disregard of the taxpayers and their elected representatives.

Then the writer goes on to point out that a change has been proposed in the budget to raise the ceiling to $1,000 and to $2,000. Then he says:

This is exactly the opposite of what parliament wants; and in fact, has asked for.

Then the editorial goes on to spell out the terms of the resolution in language similar, as a matter of fact, to that in the editorial that I have just read. Then I quote this:

The cabinet was not satisfied merely to deny that request, but cynically twisted it right around, giving parliament what it did not seek, and refusing it what it did . . . It accepted the principle endorsed by parliament, but handed it back in such a way as to make parliament look absurd. Asked for a loaf, it grinningly gave a stone.

If parliament must accept the insult, it is the taxpayers who must accept the injury; particularly those in the middle income brackets.

I have here as well a letter to the editor that appeared in the Winnipeg *Free Press*. I really would not expect the Winnipeg *Free Press* to take my part against the Liberal government, but at least they went this far. They ran this letter a few days ago. It appeared on Saturday, April 19, 1952, and it is over the signature of J. W. Gilbert of Hanover, Ontario. This is an exceedingly interesting letter because it deals not only with the amazing situation that the cabinet could ignore the unanimous vote of the members of the House of Commons but also deals with an important point of substance in relation to the question itself, namely that of abolishing the four per cent floor.

I will come back to that matter in just a moment. Before I do so, I want to sum up this part of my remarks by saying that I regard what the government did in this respect as one of the worst exhibitions that I have seen in this parliament for a long time. This government is asking the people of this country to spend billions of dollars for the defence of democracy, yet the government is scuttling democracy right here in the House of Commons. The whole approach of this government to parliamentary democracy is such as to spread cynicism in the minds of our people and to weaken the support of our people for what is so often called our way of life. I submit, Mr. Speaker, that times like the present call for greater adherence than ever to the principles of democracy; and when a group of 262 members of parliament unanimously express their view as to what should be done, it should be carried out by the government of the day.

I now want to go on and say a bit more about the substance of the matter itself because I dare to hope that the government may reconsider its position on this matter even at this session, even before this budget is put through. I would say that one of the ways to bring that event about is for a good deal to be said about this matter, not only by those of us on the opposition side of the house who perhaps feel most annoyed by what has happened but also by members on the government side of the house, many of whom probably feel the same way. We all have the experience in parliament of knowing that copies of letters written to us are sometimes sent to members in other parties. It happens both ways. There have come to my desk copies of letters that have been sent to members on the Liberal side of the house, asking their views on what happened, and urging them to call upon the Minister of Finance (Mr. Abbott) during the course of this budget debate to change his position with respect to this four per cent floor, and I hope that that will be done and that the government will yet give favourable consideration to the request of this house, which was expressed in that vote on March 26.

Now, with respect to the question itself, the parliamentary assistant has not yet dealt with the point that we made in the previous debate as to the unfairness of allowing the deduction for charitable expenses right from the first dollar up to ten per cent of income; whereas in the case of medical expenses the first dollar is not allowed; in fact, nothing is allowed until you reach this four per cent floor. I need not go into that again at length; I have done it on two or three occasions when I have spoken on the matter. But may I say that many of the letters I get on this subject deal with it, and people generally simply do not understand that unfairness. We urge that if people are allowed to make deductions for charitable donations, which they make voluntarily, without any floor, the same attitude should be taken toward medical expenses, which are made involuntarily and of necessity.

The Minister of Finance and the parliamentary assistant have a great deal to say about four per cent being the average medical expense. Well, that same concept might be applied to charitable donations, but it is not. As for this whole concept of averages, Mr. Speaker, surely anyone like the Minister of Finance or the parliamentary assistant who deals in mathematical matters must know how deceiving averages can be. I believe the average personal income in this country at the present time is something over $1,000 per year per person, including every man, woman and child. That would work out to an average personal income per family of about $5,000 per year. But it is no help to the family on $2,000 a year to know that the average is $5,000 a year. As for average medical expenses, the fact of the matter is that what hits the person is not an abstract average but the fact that if he has medical expenses at all, he is probably paying more than the average because somebody else is fortunate enough to go through a year without medical expenses. Statisticians tell us, for example, that about one out of every seven persons is hospitalized every year. Well, to those who are the ones in the seven and who need assistance it is no help simply to be told that four per cent of their income spent on medical costs is an average and therefore cannot be allowed.

This whole business of averages being deceiving was brought out again today in what the parliamentary assistant tried to do, which I thought was not a very sound analysis. He suggested that if we removed

this four per cent floor it would reduce the taxable income by four per cent, and would reduce the income tax accruing to the federal treasury by four per cent of the amount estimated by the Minister of Finance. I take it that is where he got his $48 million, which is roughly four per cent of the $1,200 million odd which it is expected will accrue from the personal income tax in the current fiscal year. But I would point out to him that when you abolish the four per cent floor it does not mean that every taxpayer in the country reduces the amount of the income on which he then pays by four per cent, because a great many people will have no medical expenses at all during the course of the year. Then, after you have accounted for that mistake in the parliamentary assistant's reasoning you have to look at another fact. People pay different rates of taxes on their income, depending upon what bracket they are in. Some will be in higher brackets; some in lower. I submit that he has done something that amounts to oversimplification in just assuming that the loss would be $48 million. But whatever it is, Mr. Speaker, his point of course was not concern for the amount, as to whether it was small or large. He sought to make the point that the $48 million would apparently come off everybody on the average, and everybody on the average would in turn have to make it up. My point is that it would not be a saving spread evenly; it would be spread according to the individual taxpayer's medical expenses. I submit that, like all the rest of his argument about averages, what he said was no argument at all.

I said a few moments ago that this letter to the Winnipeg *Free Press* from Mr. J. W. Gilbert touched on a very important point. He points out that people who have to use certain drugs right along like insulin, for example, in many cases get no benefit at all of the deduction for medical expenses. A year ago, when the Minister of Finance added insulin, cortisone and ACTH and one other drug to the list of items that could be classified as medical expenses, a great ado was made of it by the government. But a great many people who have to use these drugs find that that provision is no help to them, because their expenditures on these drugs in the course of a year, while they may be heavy, while they may be a blow to them, and while it is a blow that they have to meet year in and year out, will not in any one year add up to more than four per cent of the taxpayer's net income. Therefore, Mr. Speaker, my point is that these people are not comforted at all by being told that four per cent of their income for medical expenses is an average. Indeed you are giving no benefit to people who are faced with recurring medical expenses and recurring costs for drugs of this nature. You can only do it if you are prepared to wipe out that four per cent floor.

The parliamentary assistant to the Minister of Finance quoted again today the remarks that he had quoted from the hon. member for Spadina (Mr. Croll), and which he gave to the house on March 26. I was very glad when he made that quotation in the first place, and I was glad that he repeated it today, because it indeed is the whole point of our asking for the removal of the four per cent floor, and our suggesting that that is more important than raising the ceiling or making some of the other changes that might be suggested.

Let me read again what the parliamentary assistant said as reported at page 820 of *Hansard* for March 26:

> The hon. member for Spadina (Mr. Croll) raised this proposal of removing or lowering the four per cent item, and pointed out that this would give the maximum help to the little man, the man with just enough income to place him in the income tax bracket.

I concur wholly in the sentiment expressed by the hon. member for Spadina, and I must say that it was about at that point in the speech of the parliamentary assistant on March 26, when he quoted the hon. member for Spadina, that it dawned on me that my motion had a chance of passing. Here was an admission by the parliamentary assistant, despite the difficulties that he had listed, and other difficulties he might add yet, here was an admission that what I was asking for would be of assistance to the little fellow. So I began to realize there was a possibility of my motion passing, and sure enough, a couple of pages later, he indicated that the Minister of Finance was prepared to give consideration to that proposal.

As I say, Mr. Speaker, I need not take the time to repeat the arguments with respect to substance that are in the speech I made on March 26, and that are in the speeches that I have made in former years on this subject. But I do make this passing reference to them, because I think it is our job now in this House of Commons not only to condemn the government as strongly as we can for having hoodwinked the people of Canada on this matter, but it is our job to try to persuade the government to repair this damage at this session. I emphasize the words "at this session", because there is no doubt in my mind that if it is not done at this session it will be done next year, or in whatever budget that comes on the eve of an election.

This will not cost the federal treasury a great deal of money; but it is an issue of concern to the little man, as the hon. member for Spadina (Mr. Croll) has said. It is of

concern to the people right across this country; and there is no doubt in my mind that this four per cent floor will go before the government goes to the country in another election.

I suggest that that is not a proper discharge of responsibility. That is not loyalty to the principles and practices of democracy—just to fool around with budgetary and taxation matters in that way, leaving desirable changes until election time. If the principle I have set out is good—and it is good, because the whole house said so on March 26, and the newspapers from coast to coast are saying so, as well as the little people of Canada from coast to coast—then let us have it at this session of parliament.

Another reason for my continuing to make this plea for action at the present session, despite the fact that the budget has come down and that it is only very seldom that changes are made after its presentation to the house, is that there have been exceptional occasions when changes have been made. One of those exceptional occasions was one to which I made reference on March 26, because it related to this very question. At the risk of repeating what I said then, I would state briefly that in 1944, when Mr. Ilsley brought down his budget, he included in his budget resolutions two resolutions relating to the deductibility of medical expenses for income tax purposes. They were resolutions numbers 4 and 5 in the list he tabled on June 26, 1944. I shall not take time to read them, but I will point out that neither of those resolutions included any reference to lowering the floor or raising the ceiling. Despite that fact, when we reached committee of ways and means to consider the budget resolution, and got down to resolutions numbers 4 and 5, the committee witnessed a lengthy debate in which the minister of finance was asked to raise the ceiling and to lower the floor.

Hon. members from all sides of the house and in all parties participated in that debate. Indeed, I pointed out on March 26 that even the Minister of National Revenue (Mr. McCann) participated in it. I said at that time that in those days he was somewhat closer to the taxpayers' point of view than he is today. He wanted funeral expenses to be included as medical expenses for purposes of the act.

The then minister of finance took part in the debate and accepted the reasonableness of some of the arguments. In the main, however, he stood up against them, and most of us in the house at that time thought that it would be the same old story, that we were making a case for something we would get, but that we would get it one or two sessions later. To our pleasant surprise, however, following the debate which took place in midsummer—July, I believe it was—a bill was brought in to amend the Income War Tax Act, in conformity with what had been contained in the budget resolutions. We found, however, that the bill included something that had not been in those resolutions, namely a section to raise the ceiling and a section to lower the floor.

Prior to that time the floor had stood at 5 per cent, and we had pleaded that it be reduced to 2 per cent or 3 per cent. Mr. Ilsley met us part way—I admit it was only a little way, but at least it was part way—by reducing the floor to 4 per cent. This was welcomed as a demonstration of the fact that once in a while the government does pay attention to a debate in the house. My hope is that there will be sufficient debate at this session with respect to medical expenses so that, when the bill to amend the Income Tax Act is brought in, the government will go a step farther than is provided for in the resolutions, and will make the change asked for on March 26, by way of abolishing this floor altogether.

I do not know what the cost to the treasury would be, but I am satisfied the parliamentary assistant is not correct in suggesting that it would be $48 million. I am satisfied he is not following a correct method of computation, when he arrives at that figure. But whether it is greater or less than that amount, it is a principle of justice and of fairness we are asking for. And in this case it is even more than that. We are asking for a recognition by the government of the clearly expressed wish of parliament, instead of sheer defiance.

Let us not have any more of the attempts we had yesterday, when the Minister of Finance (Mr. Abbott) interrupted my leader, or the attempt today by the parliamentary assistant, when they tried to hide behind a technicality. Certainly the motion asked that the government consider the matter, as do all private members' motions. The government knows that is as far as private members' motions can go; but it also knows that it looks at each and every one of these motions—and not just at the words down to the word "consideration." It looks at the substance following that word. If the substance is one to which the government does not wish to commit itself, the motion does not pass. But in this instance the government allowed the motion to pass, and to pass

unanimously. We had every right to believe that that meant approval of the proposal contained in that resolution.

I submit the criticism we level at the government for ignoring that clearly expressed wish is one which reflects the thinking of the people of this country. I call upon the government to pay attention to that thinking, to make the change at this session and to abolish the four per cent floor under medical expenses in relation to income tax.

Mr. Daniel McIvor (Fort William): Mr. Speaker, it is well known that I am not a financial critic, but I appreciate the ability of those who are able to do that which I cannot do. I congratulate the financial critic of the official opposition on pulling the budget to pieces, and leaving it as a whole. I think he did a good job.

Today the parliamentary assistant did what I was going to do, when he read from the *Financial Post*. By doing so he has saved me from that necessity. I read the *Financial Post* because I can learn something from it, and because usually it tells the truth. I would add to that, that outside the House of Commons the Minister of Finance (Mr. Abbott) is held as an outstanding financial expert.

I know we do not like to pay taxes; nobody does. I would rather spend a dollar on cigarettes than on taxes. But taxes have to be paid; and I am one who did not expect the budget this year to contain many reductions in taxation. I did expect there would be reductions in some respects, especially on articles connected with household needs. And those taxes have been reduced.

The people of Fort William know that I have worked for the last number of years to have old age pensions brought to the point where they would be helpful to people over seventy years, and to those in need. Because old age pensions and old age security measures were passed, almost unanimously, I cannot for the life of me see how the amount of taxes could fail to be higher. We congratulate the Minister of Finance upon his taxation measures, and his ability to reduce the national debt. Taxes have been increased since we came into this house. Not long ago I was criticized in Fort William because of the amount of taxes being collected by the dominion government and the surpluses that had been built up. I asked this man what taxes he paid in 1935, 1936 or 1940 and he wanted to send me to the hot place. I said that I was not going there, neither was I going to take our taxes there.

We should realize that taxes are insurance against war, unemployment, poverty, old age, crime and the growth of unpleasant ideologies. If this insurance is being increased to include other ways of helping Canadians then our taxes must go up.

I want to tell the Minister of Finance one place where he can get more money. The Shebandowan district contains large quantities of nickel, gold, iron ore, chromium, tungsten and other minerals. The International Nickel Company should be encouraged to open up the claims they have in that district instead of allowing them to remain idle. I expect to see the minister of mines and ask him his advice.

There are two ways in which the minister could spend a little more. I am not going to ask the Minister of Public Works (Mr. Fournier) to build a gymnasium for the House of Commons, but it is needed. Members who are interested in keeping their health have found other ways of doing that. I was thrilled today to receive from the hon. member for Broadview (Mr. Hees) a challenge from members of the opposition and the press gallery to members on this side of the house to meet on the first Thursday in June for our ball game. I accepted willingly.

There is another important way in which the minister could spend some money, to take care of our incapacitated. I am going to lay this matter on the doorstep of the Minister of National Health and Welfare (Mr. Martin) because I remember how he blotted out little nests of Irish, Scotch, English, Ukrainians, Italians, Russians, Germans and others and made us one Canadian nation. That was a fine thing to do. I remember also how he brought in the scheme to aid hospitals with construction and hospitalization costs. Then last year he brought in his old age assistance and old age security measures.

I am going to lay on his doorstep a problem that is just as important, the taking care of those who are incapacitated. I have a number of letters here but I shall not read them all. I have a long list of incapacitated which I received from the trades and labour council of Fort William, but I shall not read it. However, I should like to read one letter from outside Fort William, from Cape Breton. This is a mother writing, and she said:

> I have a girl 35 years a victim of polio, and a boy 32 years. They are both helpless cripples. They have never had a cent they could call their own. Their father was hurt six years ago in the mine and will never be able to work again. You can imagine the hardships they endure.

Mr. Speaker: Probably I should remind the hon. member—

Mr. McIvor: Do you want me to give the name?

Mr. Speaker: If the hon. member wishes to read the letter the house may feel that he should give the name of the writer.

Some hon. Members: No.

Mr. McIvor: I shall be very glad to do it. The writer is Mrs. Neil K. McNeil.

I think the incapacitated can be divided into three classes. First are those who can get around in wheel chairs, on crutches or in some other way in order to earn a living. Then there are those who cannot get around but who have the use of their hands, their mind, their eyes, their speech and are able to earn a little. Then there are those who cannot get around at all and who cannot earn one cent.

Up to a day or two ago I thought that these were the forgotten people. We have old age pensions, mothers' allowances, family allowances, workmen's compensation and unemployment insurance, but these measures do not touch these people at all. Many of these people have relatives who are mighty proud and do not want to send them to homes for incurables. They want to keep them in their own homes just as John Bunyan held in his heart his little blind girl and kept her with him. These people do everything in order to keep their own folks in their own homes.

While I do not want an extra session this year I think the government would be well advised to take up this matter at this session and see that something is done this year, or at least at the beginning of next year. This is one of the outstanding needs of Canada. To think that we have such people in a Christian country whose program is to feed the hungry, clothe the naked and visit the sick! These people cannot earn a cent. I can take you into a home where a pretty little girl, who is completely helpless, just sits in the corner. She must be fed, she must be dressed, she must be carried everywhere. Yet there is not a dollar for her. Surely the Minister of National Health and Welfare has enough heart to feel that these things should not be.

As I said, I thought that these people were not recognized, that no attention was being paid to them, but the Minister of Labour (Mr. Gregg) has indicated that something is being done. He informs me that officials of the appropriate provincial departments, officials of welfare agencies and officials of the Department of National Health and Welfare, the Department of Veterans Affairs and the Department of Labour are co-operating under a national council to promote as a joint effort the medical and vocational rehabilitation of the disabled.

The first meeting of this council was held in Ottawa in February last. The object of the council is to co-ordinate all existing facilities for helping the disabled to overcome their handicaps and to equip themselves for work and wage earning as was so successfully accomplished with Canada's veterans. At the February meeting Dr. McNally, chancellor of the University of Alberta, was elected chairman and Father Beaudin of Montreal, vice-chairman, with a very strong executive. This indicates that the three dominion departments are combining with the provincial governments to provide for the incapacitated. I like to refer to the suggestions of people on the other side when they suggest something good. Premier Frost of Ontario is going all-out to help the incapacitated of that province, and I am sure that the Minister of National Health and Welfare (Mr. Martin), the Minister of Labour (Mr. Gregg), and the Minister of Veterans Affairs (Mr. Lapointe) will co-operate. I appreciate very much what has been done for the Fort William district by the Minister of Finance (Mr. Abbott). Many things have been done which have helped us. Now this further need is faced not only in Fort William but all over Canada. We think it is an outstanding need, and I will not support an increase in any other pension until this matter is thoroughly considered and settled.

On motion of Mrs. Fairclough the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we will continue the debate on the budget. Members may want to know when the house will replace the time taken from private members for the setting up of the committee on redistribution. Tomorrow we expect to put in *Votes and Proceedings* a notice of motion which will take away next Monday as a private members' day but with the understanding that on that day we will give private members the same time as was taken for government business last Monday.

Mr. Graydon: So that there will be no misunderstanding with respect to the motion of the Minister of Transport to set up the committee having to do with Canadian National Railways, will that be the first order of business tomorrow or the budget?

Mr. Fournier (Hull): I think we should take the motion of the Minister of Transport first because from the way he explained it today I think it is urgent. Therefore that will be the first item tomorrow.

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

HOUSE OF COMMONS

Thursday, April 24, 1952

The house met at three o'clock.

MARINE AND FISHERIES

CONCURRENCE IN FIRST REPORT OF STANDING COMMITTEE

Mr. T. G. W. Ashbourne (Grand Falls-White Bay) presented the first report of the standing committee on marine and fisheries, and moved that the report be concurred in.

Motion agreed to.

TRANS-CANADA AIR LINES

OPERATING BUDGET AND CAPITAL BUDGET FOR CALENDAR YEAR 1952

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, I beg leave to lay on the table the operating budget of Trans-Canada Air Lines for the calendar year 1952, together with the capital budget of the company for the same period.

QUESTIONS

FOOT-AND-MOUTH DISEASE

Mr. Diefenbaker:

1. What is the amount recommended to be paid or paid to each of the farmers in the Regina area for cattle that have been destroyed in the eradication of foot-and-mouth disease?
2. How many head of cattle did each of said farmers have?
3. How much has been paid or has been recommended to be paid to the Burns company by way of damages for (a) destruction of buildings or other facilities; (b) for cattle?

Mr. Gardiner: Mr. Speaker, might I ask the hon. member to allow this question to be dropped, on the understanding that I will give him the full information that is asked for? I do not think it is fair to these people to print that information and to display it to the public in general, but I think it is all right for members to have it and to use it freely.

Mr. Diefenbaker: As long as the information that is furnished may be used, I have no objection to dropping the question, Mr. Speaker. It is to be made clear, however, that any information given privately can be used publicly.

Mr. Gardiner: That is quite all right. It will be given in writing.

Mr. Diefenbaker: That is satisfactory.

Mr. Speaker: Question dropped.

HEALTH AND WELFARE—DISTRIBUTION OF DRUG RIMIFON

Mr. Gingues:

1. Will the Department of National Health and Welfare make available to the sanatoria the new drug rimifon, as it did for streptomycin, P.A.S. and tibione?
2. When will such drug be made available to patients?

Mr. McCusker:

1. Yes, if present trials prove satisfactory.
2. When requested by the provinces under the federal tuberculosis control grant.

PENSION ACT

ADJUSTMENT OF CLOTHING ALLOWANCE IN CERTAIN AMPUTATION CASES, ETC.

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

That it is expedient to present a measure to amend the Pension Act (a) to adjust the allowance for excessive wear and tear of a pensioner's clothing, when he wears a prosthesis, to correspond to the increase in the basic scale of pensions; (b) to make more adequate provision when there are two dependent parents of a deceased member of the forces; and (c) to provide for some administrative changes.

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

Motion agreed to.

FIRES

VANCOUVER WATERFRONT—DAMAGE TO GOVERNMENT PROPERTY—EFFECT ON SHIPPING

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, I should like to direct a question to the Minister of Transport. Is he in a position to make a report on the disastrous fire on the Vancouver waterfront yesterday? In particular, can he tell us to what extent national harbours board or other government property has been damaged, to what extent shipping from the port will be interfered with, and whether there is to be any investigation by the government?

Hon. Lionel Chevrier (Minister of Transport): Yes, Mr. Speaker. The hon. member was good enough to telephone me this morning that he was going to ask this question,

and last evening the hon. member for Vancouver-Burrard (Mr. MacDougall) spoke to me about the subject matter.

I have before me a wire which gives the general situation, in so far as it can be ascertained at this time, and perhaps I might be allowed to read it to the house:

A serious fire broke out at about 11.45 a.m., yesterday, in Vancouver, destroying jetty No. 3 and loading galleries serving elevator of the United Grain Growers Limited as well as their warehouse on Burrard inlet. The adjacent warehouse, belonging to Buckerfields Limited, containing feed grain and fertilizer, was damaged. The fire was reported under control at 2.45 p.m. The United Grain Growers Limited expect to continue operations by using Kerr Gifford elevator, which is not busy at the present time.

Elevator No. 3, leased to the United Grain Growers Association of Canada, is the property of the national harbours board. It is estimated the damage, together with all other damage suffered by the national harbours board, amounts to from $1 million to $1,500,000. The elevator is covered by insurance to the extent of $1,949,000, with loss payable to the national harbours board. Over and above this there was some damage suffered to the property of the Canadian National Railways. Five box cars were destroyed. One other box car was completely destroyed on an adjacent elevator track, and two other box cars were damaged, but they can be repaired.

The position in so far as shipping is concerned is that the shipping in the harbour is not interfered with in the slightest, with the exception of course of the jetty and pier at which the fire took place. From there shipping has been prohibited. The national harbours board began yesterday the conduct of an investigation into the cause of the fire, but it will be some days before a report is available.

Mr. Green: Could the minister have included in that investigation an inquiry into the adequacy of the protection against fire by way of fire boats? I refer to protection from the water side, if possible.

Mr. Chevrier: I should like to remind my hon. friend that the national harbours board has always taken the position that the question of fire protection is not its responsibility. During the war years, by virtue of the powers under the emergency act, provision was made by the national harbours board for protection such as this in our harbours, but that was withdrawn after the war. In the case of Vancouver, the national harbours board does contribute, I think, the sum of $20,000 or $25,000—I think it is the latter amount—

Mr. Campney: It is $25,000.

[Mr. Chevrier.]

Mr. Chevrier: I am informed it is $25,000—for the maintenance and operation of a fire tug by the city of Vancouver.

Mr. Green: I suggest to the minister that that subject be included in the investigation.

CAMP BORDEN

QUESTION AS TO OUTBREAK OF TYPHOID

Hon. Brooke Claxton (Minister of National Defence): Mr. Speaker, yesterday the hon. member for Lake Centre (Mr. Diefenbaker) asked me about cases of typhoid at Camp Borden. It has now been ascertained that the two men are not suffering from typhoid.

VETERANS AFFAIRS

RECOVERY OF OVERPAYMENTS OF ALLOWANCES

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): May I direct a question to the Minister of Veterans Affairs? In view of the assurance that changes in the War Veterans Allowance Act will be made retroactive to January 1, 1952, is it not possible to delay the recovery of any overpayments alleged to have been made since January 1 to recipients 70 years of age and over, until the proposed changes have been enacted?

Hon. Hugues Lapointe (Minister of Veterans Affairs): It is hoped to introduce the legislation to which my hon. friend refers at a very early date. There is a resolution on the order paper standing in my name on this subject. I hope to be able to bring in a resolution to set up the committee within a few days, and then this could be completely looked into. I certainly will look into the possibility of doing what is suggested by the hon. member, but offhand it would seem to me that following this course might create some uncertainty and confusion among the veterans. I shall have it looked into, and in the meantime I feel sure that no recoveries are being made which are reducing the amounts payable below the recipients' necessities.

Mr. Knowles: May I ask a supplementary question? I thank the minister for the assurance he has given that he will have this matter looked into. If I send him the particulars of a case in which recovery is being effected, will he look into it?

Mr. Lapointe: I certainly will.

KOREA

PRESS REPORTS OF EARLY ARMISTICE

On the orders of the day:

Mr. A. Earl Catherwood (Haldimand): I should like to direct a question to the

Secretary for External Affairs. Will the minister comment on the Canadian Press report that the 8th army officials and the general headquarters in Tokyo see possibilities of an early armistice in Korea?

Hon. L. B. Pearson (Secretary of State for External Affairs): The hon. member was good enough to give me notice of this question, but I am afraid it does not make an answer much easier. According to the last reports received, agreement has been reached on all but three points with regard to the armistice in Korea. These three points are: first, the nomination by the communists of the Soviet union to be a member of the neutral organ of inspection which is to help to supervise the carrying out of the armistice; second, the conditions under which prisoners of war are to be exchanged, and, third, the claim of the communists that they should be allowed to rebuild and enlarge airfields in North Korea while the armistice is in force.

All three of these problems, Mr. Speaker, are susceptible of solution. Whether they will in fact be solved at an early date is another question. All I can say now is that I know of no recent developments which would cause me to alter the opinion I have expressed previously, that there is a fifty-fifty chance of achieving a satisfactory armistice in Korea.

CANNED PORK

QUESTION AS TO APPLICATION OF FLOOR PRICE

On the orders of the day:

Mr. H. R. Argue (Assiniboia): I should like to direct a question to the Minister of Agriculture. Has the government's floor price for canned pork ceased to operate? Will the floor price be extended to the canning of more than the original twenty million pounds?

Right Hon. J. G. Gardiner (Minister of Agriculture): The hon. member was kind enough to send me copy of his question. The answer is that there has been no special floor price for pork entering into cans. There is a floor price under hogs, and incidentally, we did put some of the surplus pork into cans. The amount which is set aside for that purpose took care of the twenty million pounds, but surplus pork is now being frozen as Wiltshire sides. The floor price is related only to the hogs themselves.

Mr. Diefenbaker: Will the minister allow a question in connection with floor prices? What protection has the farmer who has delivered his pork products to a packer when the returns he receives are less than the amount of the floor price? I think that is becoming more general, and it deserves the attention of the government.

Mr. Gardiner: Farmers are writing in continuously and drawing attention to any cases in which they think that they have not been paid the floor price. These cases are investigated, and in a number of instances adjustments have been made.

Mr. Charlton: Will the minister tell us what they propose to do with Wiltshire sides that are frozen? Is there a possibility of selling some of them to Great Britain?

Mr. Gardiner: We hope that there is a possibility of selling them somewhere as soon as possible. Wiltshire sides frozen can be sold in any form later on. Once they are put into vats for curing of course they make only bacon. As long as they are just frozen they can be used for any kind of pork cut and can be sold anywhere.

TRANS-CANADA AIR LINES

PRESS REPORT AS TO SERVING OF FREE LIQUOR TO PASSENGERS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to ask a question of the Minister of Trade and Commerce. Will the minister comment on the editorial in the United Church *Observer* of May 1 next, which I have sent him? Is it true that free liquor is being given to passengers by Trans-Canada Air Lines on its run to Trinidad? If so, on whose authority and at whose expense? Is it government policy to permit sales promotion of this kind for particular firms? Will the minister comment on this practice in relation to passenger confidence?

Some hon. Members: Order paper.

Mr. Speaker: It seems to me that this is a question that should come before the house when the minister's estimates are being considered. I do not think it should be asked at this time.

Mr. Graydon: Is there an item in the estimates for it?

Mr. Knowles: Mr. Speaker, I submit there is a feeling of some concern and some urgency in the matter on the part of a body such as the United Church of Canada, which has made editorial comment on it in the current issue of its publication. I am sure there are those who would like to hear from the minister on this question.

Mr. Speaker: I realize it is an important question, but I believe that under house procedure a more satisfactory discussion could

take place and a more complete answer could be given when the house is in committee of supply or when these estimates are being referred to a committee.

RAILWAYS AND SHIPPING

APPOINTMENT OF COMMITTEE ON ACCOUNTS AND ESTIMATES OF GOVERNMENT-OWNED TRANSPORTATION LINES

The house resumed, from Wednesday, April 23, consideration of the motion of Mr. Chevrier for the appointment of a special committee on railways and shipping owned, operated and controlled by the government.

Mr. J. G. Diefenbaker (Lake Centre): Mr. Speaker, I shall not be a member of this committee; therefore I wish to refer to a matter which on several occasions over the years I have brought to the attention of the Minister of Transport (Mr. Chevrier), and to which reference was made yesterday by the hon. member for Winnipeg North Centre (Mr. Knowles). I refer to Canadian National Railways pensions, and in particular to the basic pension payable under regulations, not only those existing since 1935 but also those now in effect following the recent changes in connection with pensions in general.

As a result of the recent announcements, considerable improvement has been effected in respect of those in the service who are on pension and who made contributions thereto. But there is no improvement whatsoever in respect of pensioners who did not or will not make contributions.

I wish to refer briefly to the summary sent out by the chairman and president of Canadian National Railways on March 8 last, directed to retired officers and employees receiving pensions under the rules of the Canadian National Railways pension plan, and in particular to that part of the summary which deals with existing pensioners and makes reference to the revisions described therein. I might say that in general the revisions are very satisfactory, and the president and officers of the railways and the chairmen of the various brotherhoods who co-operated in arriving at the pension plan, one very much in keeping with that in effect in the United States, deserve commendation.

At the moment I am raising no objection to the general plan. I believe it is a step forward, one that was necessary and one which, for the last four or five years I have been recommending,—a pension plan in keeping with the responsibilities of those engaged in transport, and one that is actuarially sound.

[Mr. Speaker.]

One of the great difficulties in connection with the plan is that it does nothing for pensioners who are at present on pension. The part of the letter to which I have made reference states:

> The foregoing revisions are applicable to those in the service at January 1, 1952, and who had not attained age 65 prior thereto.

And then it says:

> A pensioner who did not contribute during his service towards a supplementary annuity will continue to receive the basic or service pension to which he is entitled under the existing rules.

That, I submit, is quite unjustified. The amount payable as basic pension is $25 a month. It is an amount that is not reasonable, satisfactory or justifiable. A great many of the employees of the railway company did not make contributions. The contributory feature did not come into effect until 1935. The numbers were set forth in *Hansard* on March 12, 1951, in answer to certain questions asked. The first question was:

> How many retired employees of the Canadian National Railways are in receipt of pensions of less than $25 per month?

The answer was that there were 24, under the C.N.R. prior plan. Then the next question:

> How many are in receipt of only the basic pension of $25 per month?

The reply was that there were 3,256. Then the next question was, in part:

> How many are in receipt of non-contributory service pensions (a) $25.01 to $29.99 per month; (b) $30 to $39.99 per month; (c) $40 to $49.99 per month?

The answer was:

> (a) $25.01 to $29.99 per month, 745; (b) $30.00 to $39.99 per month, 670; (c) $40.00 to $49.99 per month, 330.

In other words a great many of these retired employees are today in receipt of basic pensions that are not in keeping with a national organization such as the Canadian National Railways. After all, if the government goes into business it should at least pay pensions that would be in keeping with those paid by private industry.

In addition to the questions asked by the hon. member for Winnipeg North Centre, there was a further series of questions as to how many were in receipt of pensions from $25 to $30 a month who had made contributions. The answer was that there were 459. Of those receiving between $30 and $40 a month who had made contributions, there were 2,115. In other words, out of some 105,000 employees, of whom some 40,000 are contributors, there is a goodly number who receive a pension which has not been improved in recent years and whose claims have

been ignored as a result of the findings and conclusions of the committee set up for the purpose of deciding the matter.

Therefore, the responsibility for those who are pensioned rests directly upon the Department of Transport. I am sure that the minister is most sympathetic toward the request made by these people, but sympathy alone is of little use. Recently representations were made to the Prime Minister and the Minister of Transport by the Canadian Railway Pensioners Association, the grand president of which is Mr. J. T. Cormier, of Moncton. I am going to read the pertinent part of a submission that was made and ask the minister whether representations have been made to Mr. Gordon and the directors of the railway company to give consideration to increasing the amount of the basic pension to the end that a fair and a reasonable basic pension will be provided for those who are at present pensioned.

The pertinent part of the submission reads:

Whereas the Canadian National Railways are owned by the people of Canada and operated by a board of directors appointed by the hon. Minister of Transport on behalf of the government of this country, and whereas the government has from time to time assisted various groups of citizens through subsidies and other assistance, etc., we feel we are justified in requesting assistance for this group of railway pensioners, also due to present high cost of living and devaluation of our purchasing dollar, and knowing that a large number of railway pensioners are in distress, having to depend on charity and municipal assistance, we feel therefore that the present government should direct the board of directors of the Canadian National Railways to provide to all Canadian National Railways pensioners an increase of basic pensions, in order to afford a large number of pensioners a reasonable standard of living, seventy per cent of which do not benefit by old age assistance, under the age of seventy years, particularly retired railway pensioners who through physical disability brought on by hardships suffered in the course of their employment or through service in the defence of their country.

I realize that the minister may take the stand that it is not for him to direct the directors of the Canadian National Railways. Subject to his views in that regard, which I am sure are far removed from directing the directors of the Canadian National Railways, and deleting that portion of the representations, I suggest to him that a strong case has been made out by these people. Their number is considerable; the claims they make are definite, and the grounds for consideration reasonable.

It is not a case of asking for the expenditure of a large amount of money. It is simply a question of asking for assurance that former government employees shall be maintained on an equality with those who have served private industry. Certainly the present basic pension of $25 a month is not in keeping with the dignity of the individuals pensioned; nor is it, may I say with the greatest deference, in keeping with the dignity of this country.

Mr. R. R. Knight (Saskatoon): Mr. Speaker, I should like to support what has been said by the hon. member for Lake Centre (Mr. Diefenbaker) and also the continuing plea that has been made by the hon. member for Winnipeg North Centre (Mr. Knowles) on behalf of these Canadian National pensioners receiving $25 per month. I do not propose to go into the details, because this has been done by the hon. member who has just spoken, and who read to the house the submission made by these people.

I am interested in this matter because my home city is on the main line of the Canadian National Railways. Many people there are affected seriously by this limitation in pension, and many of them have approached me on the matter. I consider it my duty and a privilege to bring it to your attention.

It is true that changes have been made in the Canadian National pension scheme which have resulted in improvement for those now working, but I emphasize the word "now". It also improves the position of those who have been retired on pensions toward which they have contributed in part, that is, those who are receiving pensions of over $25 per month. But there is no improvement at all for those who are retired on pensions of $25 a month.

Of late consideration has been given in most pension schemes to the increased cost of living. Bonuses have been attached to many pensions and wage scales, and I do not see why the same thing should not be done for these people.

It is not clear to me whether this is the responsibility of the government or of the Canadian National Railways, but in view of the connection between the two bodies I am sure that if the government were to give the green light, Canadian National Railways could be persuaded to do something about it. I hope when the minister closes the debate he will answer the questions put to him yesterday by the hon. member for Winnipeg North Centre as to what progress has been made in considering this matter. Consideration of this matter was asked for some time ago by the hon. member for Winnipeg North Centre, in fact on March 20. At that time the minister said that he had assured the delegation which had approached him that the matter would receive consideration.

That was a month or so ago and I repeat the question my colleague asked yesterday:

What progress has been made in giving consideration to this group whose pensions are limited to $25 per month, an amount upon which it is impossible even to hope to live?

Mr. E. D. Fulton (Kamloops): Mr. Speaker, I feel that something more should be said with regard to these Canadian National pensioners. It is important to bear two things in mind. First, we are not discussing those who are now employed or those who have contributed over five per cent of their gross earnings during their period of employment. I understand that both these groups will benefit under the new pension scheme, for which a good deal of credit should be given to the officers and directors of the railroad and the government. I am pleased to join with those who have expressed that view, but this new scheme does not benefit those already retired who in the past have not contributed more than five per cent of their earnings.

The other point which should be made clear is that although a committee is to be appointed to review the operations of the Canadian National Railways for the past year, there would be no point in discussing this matter in that committee. This is about the only place where we can usefully discuss the matter at this time.

My information is that at one time the officers of the railroad did recommend a scheme which would have benefited these retired employees about whom we are now talking. However, the tentative agreement, which would have been very beneficial and which was approved by the president and, I am given to understand, by the board of directors, was not approved by the government, in spite of the president's efforts to have it approved. If that be the case—and the minister can confirm whether or not it is—the situation is that there is not much point in our getting after the president of Canadian National Railways in the committee to do something which would benefit these pensioners because, depending upon how far he is able to go, his answer must be: Well, I have done all I can, and it is now up to the government. That will be the situation, because it appears that Mr. Gordon and the directors recommended a scheme which would benefit the men but Mr. Gordon was not able to have it approved by the government.

I do not think anything further need be said to emphasize the fact that $25 a month is not enough on which to live. I think nothing need be said as to the humanitarian aspects of the matter. Like the hon. member for Lake Centre (Mr. Diefenbaker), I am sure the minister is as sympathetic to the plight of these men as anyone on this side of the house who has spoken about the matter or has taken an interest in it otherwise. But, as has been said, sympathy is not going to help people to live.

It seems to me that the only obstacle to acceding to the request can be the ground that it would involve an expense to the treasury. I should like the minister to confirm my understanding or point out that it is not correct. I understand that the request of these pensioners could be met without a direct grant by the government out of the general tax revenues of the country. The point that has been impressed upon me by the pensioners' association, who have discussed the matter with me in the past, is that their position is that they have contributed in the past to the Canadian National Railways pension fund. They are not asking the government to make a grant so as to increase their pensions, but are asking that the increase be taken out of the C.N.R. pension fund. They say there would be a sufficient amount built up in the fund in future years to enable the request to be met without direct cost to the government.

They point out that they are the people who in past years did contribute to the fund, and although they did not contribute the maximum equal to five per cent of their earnings, they are amongst those who have built up the fund. They say that any increases in pension payments, even the increases now authorized under the new plan, will of necessity have to be taken from the present fund, and that even though increased contributions will be required in future from present employees, the fact is that increased payments to those who have contributed the maximum of five per cent will not come from anything further that they contribute. They say that in the case of an employee who is retired now and goes on pension immediately his increase will not come out of anything he has contributed over and above his former contribution, because there will not be time for the increased contribution to become effective.

They point out that the increased contributions mentioned by Mr. Gordon as justifying increased pensions to the limited class to which it would apply will not show any tangible return for the first five years, that there will be no tangible effect on the pension fund and that employees retired during that period will not have had an opportunity to contribute an amount sufficient to pay for

the increased pension payments they will now receive for life. In their representations they also have this to say:

> To us it is inconceivable that an increase in pension payments will be made available in the future to seventy per cent of the employees who have to date contributed nothing to the fund while thirty per cent of the former employees who were regular contributors to the fund will not receive the increase as stated by Mr. Gordon.

As I understand it, the injustice there is that, although these men have not contributed as much as five per cent, they have helped to build up the pension fund. Simply by virtue of the fact they did not contribute up to five per cent maximum they get no increased pension. On the other hand, an employee who retires the day after the new plan comes into effect, and whose contributions at the increased rate will not have had any effect on the amount of the pension fund, will get a pension at the increased rate. Their point is that they helped to build up the fund over the years and that they are now getting nothing extra from it, while the man who helped no more proportionately than they have is now going to get an extra payment from the fund. On the face of it I must say it seems difficult to me to describe that situation as anything but an injustice.

As I say, they make the additional point that they are not asking for a grant from the government or for anything that will increase taxes. They are asking that they be taken care of out of the pension fund which they helped to build up. They have made a submission which to me at least appears reasonable. They say that with the new scale of contributions they could be taken care of as requested out of the pension fund as it now stands and as it will be in the future without the necessity of a government grant.

I hope the minister will review the whole matter. There is no point in our taking it up again with Mr. Gordon before the committee, because I understand he has done his best, made his recommendation, and the present scheme is all he has been able to secure. It seems to me the matter rests entirely with the minister and the government. I hope the minister will have it reviewed and see if he can accede to the request of these $25 a month pensioners.

Mr. P. C. Black (Cumberland): I have a matter of special interest to the province of Nova Scotia. Like the hon. member for Lake Centre (Mr. Diefenbaker), I am not a member of the committee. I wish to refer to the introduction of diesel-operated locomotives into the Atlantic division of Canadian National Railways. A few years ago in the committee there was an understanding that oil-operated locomotives would not be used in that division, but they are being introduced more and more and I understand that a large number are now on order. If this plan is proceeded with, the most assured market for Nova Scotia coal will be destroyed. The companies and the workmen are most uneasy about the introduction of oil-burning engines in the Atlantic division and the threat of the further use of such locomotives.

It is a very important matter to the province of Nova Scotia, and I think there should be some assurance given by the minister or some action taken by the committee to make sure that the market Nova Scotia has had for so long for its coal will not be destroyed. It is not only a question of a market for the producers of Nova Scotia; in past years the production of this coal has been most necessary to enable the Canadian National Railways and the Intercolonial Railway to operate at all. It is a most important matter and is causing considerable uneasiness in my province.

Mr. H. O. White (Middlesex East): Before the minister replies, may I say that over a year ago representations were made to me, and I placed them before the house, concerning the desire of employees of Canadian National Railways to participate in reserve training. I pointed out that they were being discouraged. In other words, they were more or less told not to do it. Assurance was given me at that time that the matter would be looked into and corrected. Last week I had the opportunity to talk to certain employees, and they told me that although the assurance had been given, the spirit of the assurance is not being carried out. They say they are being discouraged with respect to serving in the reserves and going to camp.

They mentioned Petawawa. I do not know why they wanted to go to Petawawa, but that was the place they mentioned. I served some time at Petawawa myself, and I do not see why they would want to go there. I hope the men who are prepared to serve in the reserve forces will be given an opportunity to do so, and will not be discriminated against when they make application.

Mr. Chevrier: Mr. Speaker—

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

Mr. C. W. Hodgson (Victoria, Ont.): I want to say one word in reference to these pensions to railroad men, especially those in the lower income group. Many of those men have paid into this fund for forty or fifty years. During that time each dollar they paid in was worth

a dollar. Now they are about to receive a pension when the dollar is worth only fifty cents. I would like the minister to take that into consideration.

Mr. Chevrier: Mr. Speaker—

Mr. Speaker: The minister will close the debate.

Hon. Lionel Chevrier (Minister of Transport): Mr. Speaker, I am grateful to the house for this short and interesting debate on the subject of the pensions of employees of the Canadian National Railways. I am particularly pleased that the view of the house is that the position is far better than it was when the earlier debate took place, and of course with that I am in full agreement. That is one point the house perhaps should take into consideration, namely the improved pension position of C.N.R. employees, both those retired and those still on duty.

There are several points I would like to make, as briefly as possible; but two in particular lead me to make the statement that the position of these men is far better than it was when the debate took place last year. The first of these points has been mentioned by the hon. member for Lake Centre (Mr. Diefenbaker) and I believe by the hon. member for Winnipeg North Centre (Mr. Knowles), who referred to the revised pension rules of the Canadian National Railways. There is no doubt that the pension plan has been greatly improved. I would remind the house that the revised rules were arrived at following discussion between officers and employees of the Canadian National Railways. After they had studied the matter for many months, if not more than a year, they recommended to the government the adoption of the new pension plan, which I believe is far better than the old one. It received the full approval of the men, and I believe there is correspondence on record to indicate that while the pension plan does not go nearly as far as many of us would like, it is nevertheless a great improvement over the previous plan.

That is the first point I wish to make, namely the substantial change in the position of these men. The next point is that this house approved a universal old age pension of $40 a month without a means test for those over 70 years of age, the total cost being met by this government. It also passed legislation providing for a pension of $40 a month, half the cost to be paid by this government, to those between 65 and 70, with a means test. As a result the man who is in receipt of a basic pension and who is 70 years of age gets an additional $40 a month, as does the man between 65 and 70 who can prove his position to be such that he is in need of the additional amount. So the position in reference to these men is far better than when the matter was discussed earlier.

Another feature seems to have been forgotten entirely. It is that no official representations were made to me by the president or the directors of the Canadian National Railways along the lines suggested by the hon. member for Kamloops (Mr. Fulton).

Mr. Diefenbaker: Were there any unofficial representations?

Mr. Chevrier: I will come to that in a moment. What happened was that both the president of the Canadian National Railways and his predecessor held talks with the view of increasing the basic pension. Those talks were suspended because the Canadian National Railways and their employees were discussing a revision of their pension plan. I believe the intention at the time was that some sort of actuarially sound plan might be submitted to the government which would have the effect of increasing the basic pension. But when it became known that the government was bringing down legislation providing for universal old age pensions, as well as the legislation I referred to a moment ago, it became clear that the plan would have to be changed. In the light of the legislation brought down in the house the whole position concerning the pension discussions, to which I referred a moment ago, with Mr. Gordon and his predecessor Mr. Vaughan, was reviewed not by us but by the pension committee of the Canadian National Railways in co-operation with their men. Their recommendation was that the basic pension of $25 per month in part 1 of the plan should remain in force. That was the recommendation we received, and that was the recommendation to which we saw no objection.

When it is said that it is the responsibility of the Department of Transport or of the government to see to it that these basic pensions are increased, I have always stated in this house that I think that is the responsibility of management with its employees. That certainly was the position they took in reference to the revised pension rules. If notwithstanding the new rules that have been adopted they feel there should be an amendment and make a recommendation to us to that effect, I assure the house and those responsible that such representations will receive very careful consideration.

Mr. Fulton: If the minister will permit a question, does he feel that the principle he has just stated, namely, that it is entirely the

responsibility of management, applies equally to past employees and present employees?

Mr. Chevrier: I was just coming to that. I wanted to say a word on that subject, and that will deal with the question raised the other day by the hon. member for Winnipeg North Centre.

The delegation that waited upon me was not a delegation of retired C.N.R. employees. It was a delegation of Intercolonial and P.E.I. former employees. They were here to speak for themselves, but said they thought they also spoke for the employees of the Canadian National Railways. When I asked if their position was not infinitely better because of the legislation that had been passed, they admitted that it had been improved. They did state there were some cases in which there was hardship. I asked them to indicate how many such cases there were, but they were not in a position to say. They did state, and I believe, that in some cases there is hardship, but I am sure such cases are in the minority. To deal with my friend's question, when the hon. member for Kamloops (Mr. Fulton)—

Mr. Knowles: Before the minister leaves his comment on the representations from that delegation, can he say what has resulted from his undertaking to them that their representations would be given consideration?

Mr. Chevrier: I told them that that is what would happen, namely that their representations would receive consideration. The hon. member for Kamloops raises a point which is so, namely that there would be, because of the new pension rules, two classes of pensioners who still receive less than $40 a month: those who would be pensioned after January 1, 1952 and who have not contributed to their pension fund, and those who are now on pension and did not avail themselves of the opportunity of increasing their pension. But I presume that those two classes were given consideration by the committee that discussed the matter over a period of months and recommended this plan.

As I stated earlier, if there are recommendations along the lines of those submitted by members of this house, they will be considered; but I must say that for the government to direct the Canadian National Railways to review the cases mentioned—which are not nearly as numerous as they were last year—would be placing itself in the position of having to do the same thing for other groups, as I indicated before, such as superannuated civil servants, pilots who are on retirement and a number of like groups. I think that the practice that we have followed is the right one. We have allowed the railway, in co-operation with its employees, to study these plans and to make recommendations to us. I think that has proven to be a satisfactory method of operation and I submit to the house with deference that we should continue to follow that plan of action.

There were other matters that were raised here by the hon. member for Cumberland (Mr. Black) and one other member. I think they are matters that should receive the attention of the officers of the railway when they are here in committee and who can deal with these particular problems, as it is somewhat difficult to debate them on a motion of this kind.

Mr. Knowles: Will the minister permit one more question before he sits down? He said that the plan that is now in effect has had the endorsation of the C.N.R. pension fund committee which consists of representatives of management and representatives of the employees. Is it not a fact that the representatives of the employees on that committee, even after it was common knowledge that there would be changes in our old age pension legislation, pressed for something to be done for those who are already retired on only $25 a month?

Mr. Chevrier: I am not in a position to say whether they pressed individually. They may well have sent letters to me, because I received a considerable number of letters. I am not, however, aware that any representations came from them to me or to the government directly along the lines suggested by my hon. friend.

Motion agreed to.

TRANS-CANADA AIR LINES

REFERENCE OF ANNUAL REPORT, AUDITORS' REPORT AND BUDGETS TO RAILWAYS AND SHIPPING COMMITTEE

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, if we can revert to motions by leave of the house I wish to move:

That the annual report of Trans-Canada Air Lines for the year ended December 31, 1951, tabled on March 24, 1952, the auditors' report to parliament for the year ended December 31, 1951, and also the operating budget and the capital budget for the calendar year 1952 in respect of Trans-Canada Air Lines, tabled earlier this day, be referred to the sessional committee on railways and shipping owned, operated and controlled by the government.

Mr. Knowles: Now that this motion is before us, perhaps the minister will answer the question I put to him on the orders of the day.

Mr. Howe: Mr. Speaker, so far as I know, every airplane and every ship that travels outside of the territorial waters of Canada serves liquor to its passengers; that is, it

makes liquor available for purchase. In that regard Trans-Canada Air Lines does exactly the same as every other air line and as every passenger ship. A practice has grown up which, as I understand it, is going to be terminated for the transatlantic service on the first day of May, namely, that of serving one free cocktail with a meal. That has been standard practice with every air line. Some air lines are more generous than Trans-Canada.

Mr. Fulton: Free, you mean?

Mr. Howe: Yes, free. That is part of the food service of Trans-Canada Air Lines. My hon. friend asks who pays for the free drink. I suppose it is the same person who pays for the free meal. It is paid for in the fare of the passenger. After the first of May of this year the transatlantic fare will not include an allotment for either food or the free cocktail. If you want food, you will pay for it; and if you want a cocktail, you will pay for it. I hope that covers my hon. friend's question.

Motion agreed to.

CANADIAN NATIONAL RAILWAYS

REFERENCE OF ANNUAL REPORTS, BUDGETS AND CERTAIN ESTIMATES TO RAILWAYS AND SHIPPING COMMITTEE

Hon. Lionel Chevrier (Minister of Transport): Mr. Speaker, by leave of the house I wish to move:

That the annual reports for 1951 of the Canadian National Railways, Canadian National (West Indies) Steamships, Limited, the Canadian National Railways securities trust, and the auditors' report to parliament in respect to the Canadian National railway system and the Canadian National (West Indies) Steamships, Limited, tabled on April 3, 1952, and the budget of the Canadian National Railways and Canadian National (West Indies) Steamships, Limited, for 1952, tabled on April 21, 1952, be referred to the sessional committee on railways and shipping owned, operated and controlled by the government, together with the following items of estimates for 1952-53:

Vote 485—Prince Edward Island car ferry and terminals—deficit;

Vote 486—Canadian National (West Indies) Steamships, Limited—deficit;

Vote 493—Maritime Freight Rates Act—payment of twenty per cent reduction in tariff of tolls to Canadian National Railway and other railways operating in territory fixed by the act.

And that the resolution passed by the house on March 19, 1952, referring certain estimates to the committee of supply, be rescinded in so far as the said resolution relates to votes Nos. 485, 486 and 493.

Motion agreed to.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Wednesday, April 23, consideration of the motion of Hon. Douglas Abbott (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Macdonnell (Greenwood), and the amendment to the amendment of Mr. Coldwell.

Mrs. Ellen L. Fairclough (Hamilton West): Mr. Speaker, in proceeding with this debate I should like to draw attention to a statement made the other evening in this house by the hon. member for Greenwood (Mr. Macdonnell) when, as reported at page 1474 of *Hansard*, he said:

. . . there is not much satisfaction to many of our taxpayers to hear these millions and billions bandied about—they do not live in a world of millions and billions; they live in a world of fives and tens, and less than that. It is the ordinary taxpayer that I am interested in, and it is the ordinary taxpayer that this house exists to protect.

I believe that this is a profound truth that is too often overlooked in this chamber. After all, we are here to provide for and to protect the interests of all the millions of little taxpayers in the whole of this dominion of Canada. As taxes rise and the basis for taxation becomes increasingly important, the deductions from income which are allowed before the incidence of tax become a matter of grave concern to every employed person and to every recipient of income from any source whatsoever. As the high levels of tax are maintained, and the prices at the consumer level increase or fluctuate in a tantalizing manner, as they do, around the peak, it becomes necessary to pay more and more attention to the alleviation of distress, particularly in the lower income brackets.

When I was preparing the notes from which I propose to speak today I was surprised to find that about 75 per cent of them dealt with income tax, and it may well be that in the time at my disposal, Mr. Speaker, I may not be able to speak about anything but income tax. There are several matters that I should like to bring to the attention of this house, matters that have come to my attention possibly because of the peculiar nature of my own business. One is the matter of taxation of pensions; that is, privately purchased pensions, which should claim the attention of this house.

We assume that a man purchases a pension payable to himself on retirement or to his estate upon his demise. The pension was provided, let us say, by tax-free contributions, and therefore it is fully taxable as income when it is received. Well, that is all quite regular; it is an accepted fact, and the purchaser knows it before he makes his contract. The purchaser dies, and the widow is the sole beneficiary. The pension is then valued for succession duty purposes and is part of

the estate that he has left. So the duty is paid out of cash resources, with the result that the balance in the estate yields a reduced income. The widow is taxed duty on the estate, and income tax is payable on the revenue from what is left of the estate after the payment of that succession duty. It is, I submit, an anomaly that the value of the pension is fixed for succession duty without any abatement of income tax; because if the state removes say 25 per cent of the value as succession duty, then theoretically there is only 75 per cent left to provide income, and that 75 per cent of the income should be taxed; either that, or no income tax should be payable until the widow has received as much in pension as she had paid out in succession duty on the value of the pension. Certainly there is an element of double taxation in the present system, and I submit, Mr. Speaker, that the situation should be corrected.

The subject of double taxation brings up another point. Two years ago double taxation received the attention of the government, and a manner of relief was granted to the taxpayer, whereby he was permitted to deduct from his tax the amount of 10 per cent of the net dividends which had been received from taxable Canadian corporations. On the 1951 return it works out something like this. In order to illustrate the point I have calculated on a hypothetical income of $7,000, the whole of which was secured from dividends from taxable Canadian corporations. I have selected $7,000 and the status of a married person because, with the $2,000 exemption, it gives us a nice round figure of $5,000 on which to calculate. That may be a lazy woman's way of doing it, but nevertheless that is what I have done. I found out that that person will owe $1,104 in tax, composed of the regular income tax and the surtax on investment income. Added to this $1,104 in 1951 there was first of all the defence surtax of 10 per cent, which came to $110.40, and brought the total tax payable up to $1,214.40. Then, and only then did the 10 per cent of net dividends apply against the tax payable. Now the net result of that is this: Had the 10 per cent of net dividends been deducted from the tax payable, the total tax payable, before the imposition of the surcharge, the taxpayer would have benefited to the extent of the 10 per cent originally intended. However, now that the defence surtax has been added first, the taxpayer finds that instead of 10 per cent allowance for income from taxable Canadian corporations, he has a 9 per cent allowance.

As we go into another taxation year we find that the situation is worsened to this extent: Instead of the 10 per cent defence surcharge we have the 20 per cent surtax, and following the same procedure right down the line we find that we have the same tax at the level before the application of the defence surtax of $1,104; with the addition of the 20 per cent, it brings it up to $1,324.80, and on the $1,324.80 the $700 tax refund applies. Had the tax refund been taken off the total tax before the imposition of the 20 per cent defence tax, the taxpayer would have his full 10 per cent. As it is, if the government proceeds in this manner in 1952 as it has for 1951, the taxpayer will lose an additional 2 per cent, and instead of the 10 per cent allowance he will find that he has an 8 per cent allowance. This is in spite of the fact, Mr. Speaker, that the corporations did pay the defence tax; so the double taxation is indeed doubled and redoubled, let us say.

This relief was intended in the first instance as a straight deduction from total tax. I would just like to say this, and maybe I can pass it on as a word of advice to the minister. I hope he has already thought of it. Before he has the income tax returns printed for 1952 I hope they will be carefully reviewed. If this juggling was not deliberate, then the forms should be printed in such a way as to permit the deduction of 10 per cent of dividends from taxable Canadian corporations before the imposition of the defence surtax. If it was deliberate then I can only say one thing, namely, Indian giver.

It might also be noted that anyone who has investment income of over $2,400 is also liable for the 4 per cent surtax, which added on about 25 per cent or more to the net allowance of 10 per cent of dividends, so that the person who has followed the advice of the government from time to time and has been thrifty, has saved his money, and then, possibly being a bit of a gambler has invested in Canadian corporations, purchasing stocks which pay him dividends, and on which, as income of each company, the tax has already been collected—he has not invested his money in bonds—he has not invested it in real estate; he has invested it in industrial Canada. And because the government took cognizance of the fact that there was this element of double taxation, the relief was granted.

It would seem that, having granted that relief, the government has repented, and these people are in the position of being penalized for their thrift. Possibly it is a case of robbing Peter to pay Paul, but it seems to me it is a matter that should be considered carefully and rectified before the end of the present taxation year. I find it

hard to believe that this was done deliberately. I think the effect of such action must surely have been an oversight in the department.

There is also a recommendation with respect to this 10 per cent of dividend income which was passed on to the Minister of Finance (Mr. Abbott) and the Minister of National Revenue (Mr. McCann) by the taxation section of the Canadian Bar Association and the legislation committee of the Canadian Institute of Chartered Accountants in March of 1952.

Among many other recommendations, all of which in my opinion are remarkably commendable, there is one that has reference to a situation obtaining where the spouse of a taxpayer has investment income which is not sufficient to warrant the payment of a tax. In other words, if I may quote from the recommendation:

> The result is that in many cases the supporting spouse pays a greater tax than would be exigible if his spouse's income in excess of $250 were in fact added to his own income. This will be true in every case in which the supported spouse's separate income over $250 is less than the aggregate of the tax exemptions to which he or she is entitled.

Then these organizations make this recommendation:

> It is accordingly recommended that the act be appropriately amended so that in cases to which section 25 (2) would otherwise apply to supporting spouse may at his option and for all purposes of the act elect to have any specific items of the income of the supported spouse treated as his income and excluded in computing the income of the supported spouse.

This is a situation with which all accountants are familiar, and I trust the government will accept the recommendation of these two responsible bodies, and implement the recommendation.

I could not speak in this debate without touching upon a matter that has received considerable attention in the last few days, and one upon which I spoke when the resolution with reference to the elimination of the four per cent hold-back on medical expenses was being considered. At that time I cited a hypothetical case of a taxpayer who was supporting another individual who was ill and who eventually died. The taxpayer was not only burdened with this expense but, in addition, was reduced in status from the married to the single state. Peculiarly enough, on the very week end, when I went back to my office I had the exact duplicate of that case placed before me, upon which I was asked to prepare income tax returns.

I should like to place before the house the facts of that case. This woman had not been enjoying good health, and because of that her income had suffered. She had not been able to devote to her business the attention it had formerly received. Her sister, who was dependent upon the taxpayer in question for support, and who had lived with the taxpayer for many years—indeed, I believe, all her life—became very ill.

When the taxpayer brought her income return to me and asked me to figure it out she placed before me medical bills which, upon totalled, showed the sum of $2,990.20. In addition to that there were $500 funeral expenses. Meantime the income of the taxpayer had shrunk to the point where she could claim only $107.60 of the medical expenses in computing her tax for 1951. She said to me, "What shall I do with the rest of these bills?" I said to her that I was sorry, but that so far as I could see she might as well forget she had ever paid them, because she could not claim a cent of them. This taxpayer could not understand why in 1952 she could not claim some of these bills. I believe her point was well taken, and that she should have been able to claim them. The fact is however that one can claim expenses only on behalf of a dependent, and the position then was that the taxpayer in question was no longer supporting the dependent. Therefore she could not claim, despite the fact that some of the bills were incurred in the latter part of the year and that, in normal circumstances, if her sister had lived she could have made the claim under the twelve months provision.

Had the sister lived, the taxpayer would have had not only the opportunity to claim for these bills but an additional exemption by reason of her having supported the sister. It is clear therefore that this taxpayer was placed in a peculiar position. As a woman past middle age, and one who had worked for many years, she had accumulated some small savings, the greater part of which have now been dissipated through the payment of these extraordinarily high medical expenses.

If the department has not already considered the matter, then I suggest to it that provision should be made for cases such as the one I have described, and that in the year following that in which the taxpayer has incurred the expense an opportunity should be afforded to deduct from taxable income those medical expenses paid out on behalf of a person deceased. I agree that this provision could not be extended over a period of years, but I believe an allowance might be made in the year immediately following. I commend this to the department for its consideration.

In connection with the elimination of the four per cent, I have worked out a few specimens which I believe the house will find

interesting. The first of these deals with a single person receiving a salary of $50 a week and who, as in the case of the woman whose circumstances I have just described, was responsible for a dependent for whom heavy expenses were incurred. This person maintained the dependent in a self-contained domestic establishment, and would be entitled to married status affording a tax exemption of $2,000. Then the taxpayer loses the dependent and is left with some heavy bills which, as obtained in respect of my client, could not be paid in one year. We will say that in the first year the taxpayer pays $300 or $400 of the bills which have accrued. He will then deduct from the amount he claims for medical expenses four per cent of his income of $2,600, or the sum of $104. If we suppose that he took off $400 he would have to deduct therefrom $104, leaving $296. As I mentioned before in the other case, the rest of the expenses that would have been paid in subsequent years could not be charged at all. This is slightly different from the other case I gave as an example. In this case the person could not pay all the expenses at once and they had to be spread over the years.

Many institutions and medical people in this country would probably just address their bills to the taxpayer and say "for professional services" and forget that the person on whose behalf the expenses had been incurred had died. In that way the taxpayer would be able to claim those expenditures as medical expenses. I do not like that way of doing things. I think we should make provision for these cases so that we do not force people to evade the law in order to obtain their just deserts. Even in such a case the taxpayer again loses out on the 4 per cent income in each year. If it takes three years to pay this he loses, as I said the other night, not 4 per cent but 12 per cent of his income in exemptions.

The next specimen which I worked out had to do with a married man with two children making $60 per week. With his exemptions his taxable income would be $820, which would put him in the lowest bracket of 15 per cent. He would pay 15 per cent on the $820 with the surtax of 20 per cent on top of that. That would cost him $147.60. Suppose he has $120 in medical expenses. The extra tax on the $120 at 18 per cent would be $21.60 which he would lose because the $120 would be short of the 4 per cent of his income and therefore he could not claim anything. Supposing that he has more than $120, he still loses the 18 per cent tax payable on the 4 per cent of his income, which is a difference of $22.46.

Likewise the man who makes $75 a week, is married with three children. He would have a tax payable—I will skip all the preliminaries—of $271.80, counting the defence surtax. Supposing he had $450 in medical expenses, which is not even out of the way in many cases if you have but one serious illness in a family of five people; if the total were allowed, his saving would be $91.80. However, if the 4 per cent is disallowed then he saves only $59.98. In other words, by reason of this 4 per cent floor he loses $31.82 in taxes.

I maintain that this situation should be corrected. There are a great many families who, expenses being as they are, find it difficult to bring up children in the manner in which they would like to bring them up, or even to provide for them certain things which we in our modern age consider necessary. From the taxpayer's standpoint each year he is robbed of 4 per cent of income in the matter of this tax exemption. It is quite feasible that even with a small income that would mean $150 tax exemption in each year. If he is bringing up three children—take the case I mentioned of a $3,900 income —he loses a tax exemption of $156 each year because we must recognize that while every family would not have medical expenses, the average family with three children is apt to have medical expenses. It takes one form or another, either dental care, the youngsters getting measles or chickenpox, someone breaking a leg or having to go to the hospital for appendicitis or tonsillitis. All these things cost money. When you have even a minor operation you find that the bills run up.

I do not think it unreasonable to assume that a man in that tax bracket or that income bracket would have $150 medical expenses every year, but he cannot claim one cent because he has not yet reached 4 per cent of his income. Over a period of ten years while his family was growing up he would in fact lose $1,500 in tax exemptions. A saving in tax exemption of that size might mean all the difference between university or no university for one of the children.

When the parliamentary assistant was speaking yesterday he made a statement to which I must take objection.

Mr. Macdonnell (Greenwood): Only one?

Mrs. Fairclough: The hon. member for Greenwood says "only one?" I must admit that he made a great many, but I do take great exception to one statement. On page 1524 of *Hansard* he is reported as having made this statement:

> In this instance, if the four per cent, which is less than the national average of hospital, medical, dental and drug care, was removed, that would

remove four per cent of the present taxable income of this nation. It would result in a reduction in our personal income tax receipts of four per cent or approximately $48 million.

I do not understand how the parliamentary assistant could make a statement like that. Such a figure must be predicated on two assumptions. First, that the personal taxable income is $1,200 million, and second that every taxpayer would have medical expenses up to or exceeding 4 per cent of his taxable income. That is just sheer nonsense. The white paper tabled when the minister made his budget speech gave a preliminary estimate of personal income taxes for 1951 as $890 million, and I find this figure in table 4 on page 13. I assume that that is the calendar year. Then on page 78 where they deal with the last five fiscal years the tax revenue from individual income tax is estimated at $980 million.

Upon asking a question of the department I secured a figure for the actual individual income tax receipts of $975,776,000. Even that amount does not come anywhere near the supposed $1,200 million upon which the parliamentary assistant's statement would have to be figured. As I said before, it would have to be predicated on the assumption that every taxpayer in the country would have medical expenses beyond 4 per cent of his income.

Mr. Sinclair: May I make just one statement. That of course is less than the average in these things across the country which affects both income and income tax. I will admit that I did make one mistake. I should have deducted from that average the $30 million which would be claimed by people who were above the average last year. That is $30 million on the income, not on the tax.

Mrs. Fairclough: On the taxable income.

Mr. Sinclair: Which is some $6,000 million.

Mrs. Fairclough: With all due deference to the parliamentary assistant, I submit that his figures are far wide of the mark. I do not think they can be substantiated at all. I really must take exception to this type of thing being done. In my estimation this is an example of expansive, irresponsible misstatements which make it most difficult to come to grips with a real problem in this house. I find it occurring more and more frequently. I do not approve of it at all, and I do not think any of us should condone that type of thing.

The question is not what amount would be lost to the treasury through such tax relief. The question is: Is it right? In my opinion the principle transcends dollars and cents considerations. In all the legislation that has gone through this house for the relief of taxpayers in general or for the relief of specific groups who have suffered misfortune, I cannot recall that these problems were ever settled on the basis of whether it was going to cost $1 million, $2 million or $65 million. They were settled on the basis of whether or not it was right. I maintain this particular problem should be settled on the same basis.

The minister brought in one amendment respecting medical expenses which I was very glad to see. I refer to the elimination of the word "incurred". Peculiarly enough, three or four days before the budget was brought down I had spoken to the deputy minister of national revenue about this subject because I had found that in the local district offices where I had had dealings they paid little or no attention to this word. It was the generally accepted practice to permit deductions if receipts were filed. Therefore I felt the word should be eliminated. I was amused and gratified that someone else had had exactly the same thought and that the department had removed this particular phrase which in the past had put the practice out of line with the regulations.

We have to admit that the incidence of income tax weighs most heavily on people in the smaller income groups and upon those people who have children. This brings me to another matter that I should like to discuss, the rate of exemption permitted for children. Before family allowances the rate varied, being at times $400 and at other times $500, but with the advent of family allowances there were two rates. At the present time the rate is $150 per child eligible for family allowance and $400 for a child who is not eligible. There are people with children who move into this country and people who bring children into the country. I have one case that has been referred to me of a man who brought a stepson to Canada from England. The man had lived here all his life, had married and the woman he married had a son in England. He brought the child to Canada intending to adopt it as his own. The child entered the country in November of 1950. A year must elapse before they can claim family allowance on behalf of the child. The situation developed in this way. The year elapsed. The parent then claimed family allowance and received it but by reason of receiving family allowance for one month he lost $250 exemption for that child. In other words, he got $8 and he lost $250 exemption.

When looking into the matter I referred to the papers he had sent me and which I

received only recently. Among them was an income tax form which was given to him by the district office. At the foot of it there is a note reading as follows:

"Child qualified for family allowance" means a child that, in the last month of the taxation year in respect of which the expression is being applied, was qualified or might have been qualified by registration under the Family Allowances Act, 1944, so that an allowance under that act was or might have been payable in respect of that month or the immediately following month.

The way this reads it would appear that if the child's allowance had come through one month later, and the taxation year had been 1951, the taxpayer would have had the reduction taken in exemption despite the fact that he received no family allowance at all in the year 1951 but received the first cheque in January 1952. The fact that the child was eligible in the last month of the year, whether or not payment had been received, removed the exemption of $400 and brought it down to the $150 level.

Mr. Sinclair: May I make one observation. You appreciate of course that in the year the child of November birth comes off family allowance the parent gets the family allowance for eleven months of the year and then because the child is off family allowance in the twelfth month he can claim the $400.

Mrs. Fairclough: I realize that. I do not want to interrupt the parliamentary assistant but I have only a few minutes left. Peculiarly enough, in the case to which I have referred the child was 16 in January. Therefore the parent had his exemption cut from $400 to $150 because of one payment in December, received one payment in January and then got no more. I admit it is an odd case, but that is what happened. I maintain that in those circumstances he should not even have had to apply for family allowance. He did not want to apply and he should not have had to do so. Whether or not he received the cheque he would still have been in the same position.

The small income groups are in a very sad plight today because of the taxation in this country. They are gradually losing their savings. I know of many who have cashed insurance policies in order to keep going, to pay for illnesses and the many other things which beset a family. That is largely as the result of the heavy taxes levied upon them. Taxes for what? To reduce the national debt? They were not consulted whether or not they wanted to reduce the national debt, and the house was not consulted as to whether or not it wished to reduce the national debt. Yet these people are paying taxes for that purpose. In the last five years the national debt has been reduced by $2,344 million, an average of $33½ per person per annum. For a family of five it is $167½ per annum or $837½ for the five years.

That would go a long way toward the ownership of a small house. With housing loans reduced and credit restrictions in force the little fellow has not much of a chance. The thing that builds a nation is the faith of its people and their pride. On Tuesday last the hon. member for Cape Breton South (Mr. Gillis) said, as found at page 1513 of *Hansard:*

When a man owns his home he has his roots in the soil; he is a citizen; he belongs to the country and to a certain part of it.

I submit that if an agent or trustee were given money by an individual with which to purchase a house for him and when he requested possession of the house he was told, "Sorry, but you owed some money elsewhere and I applied your payments on your debt; you do not own a house", the law would take a very dim view of the agent's activities. In fact he would find himself in a very precarious legal position. If the minister believes the national debt should be reduced let him say so. Let him put into the budget an amount for that specific purpose and not call it public buildings which cannot be built, clothing for the forces which cannot be used, equipment which is not required, and then turn round and say to the little fellow: Sorry, we could not use your money for that so we paid your debts.

Mr. G. D. Weaver (Churchill): Mr. Speaker, two years ago this month I took part in another budget debate in this chamber, and congratulated the government on their handling of the affairs of this country. At that time I asked the Minister of Finance (Mr. Abbott) to lend a sympathetic ear to the Minister of Agriculture (Mr. Gardiner) in his plans for the development of the west under P.F.R.A. At the same time I asked him to lend a sympathetic ear to the Minister of Transport (Mr. Chevrier) in any plans he might bring forward respecting railway development in our great northland. I also asked the Minister of Finance to take as his yardstick in financing and government spending the words of an eastern farmer: "Break the back forty acres before you build a new front porch". I said I would ask the minister to move in that direction as far and as fast as our resources would permit.

Unfortunately war broke out in Korea shortly after that, which brought heavy demands upon the economy of Canada, and I could not expect very much headway to be made in the direction I had pointed out. However, as I look back I find that considerable progress has been made. I find that the

Lynn Lake railway to which I referred at that time is daily pushing further and further into that northland. Since that time P.F.R.A. surveys have been carried out in an area which I described in that address. Two years ago I spoke of the Prime Minister (Mr. St. Laurent) looking northward; these were the words I used, at page 1839 of *Hansard* for 1950:

—looking northward at a treasure house beside which fabulous wealth, to which the genie of Aladdin's lamp had access, was peanuts.

I went on to illustrate, and spoke of the Flin Flon mine. This is what I said at that time, at page 1840 of *Hansard*:

The Flin Flon mine went into production in 1930 with ore reserves at that time of 19 million tons. Today Flin Flon is a town of 10,000 persons. In 1949 it produced $37 million worth of metals. It paid directly into the treasury of the people of Canada in income taxes and ore royalties, more than $5,500,000, and indirectly another $1,500,000. Considering the 10,000 people who derive their livelihood from that mine, they have contributed from five to seven and one-half times the national average towards the revenues of $2,500 million collected last year by the Minister of Finance.

I have before me the annual report of that same company for 1951, and I want to point out the further progress that has been made. The revenue from that mine in 1951 instead of $37 million was $54,250,000. Instead of paying $5,500,000 into the treasury of the people of Canada the figure was $12,100,000. Instead of $1,500,000 paid indirectly, the figure is now $3 million. The total revenue of the government last year was not doubled, however; instead of the $2,500 million I mentioned in 1950 it was $4,000 million, an increase of only 60 per cent. So the figure I mentioned of from five to seven and one-half times the national average, as representing the wealth created by these people, now has become from seven to ten times the national average. As I said at that time, it was surely something to gladden the heart of the Minister of Finance to find such revenues coming from these mines in northern Canada.

At this time, Mr. Speaker, I am going to lift the lid of the treasure box and give you a further glimpse into what you may expect to come out of the northland in the near future. I will deal for a moment with the railway picture, starting with the very poorest. The Lynn Lake railway is opening up a new mining development which has turned the eyes of the people to northern Manitoba. With the movement of the town of Sherridon to Lynn Lake, that railway reaches far into the north. It is only about 100 miles from a place called Brochet on Reindeer lake, which itself is only a short jump from Uranium City in northern Saskatchewan, which in the not far distant future will be a town of 5,000 people, and which requires railway facilities. Once you reach that point it is only another short jump to Pine Point on Great Slave lake, where is one of the greatest undeveloped ore bodies in the world. At that point you are down to an elevation of 600 feet, and can follow along the Mackenzie river to a point where it is just a short jump to Alaska. If you take a globe—there is no point in looking at an ordinary map—and draw a line from central Alaska through this area to eastern Canada you will find that the shortest route from Alaska to the industrial areas of the east is via Lynn Lake and on down through Manitoba.

Up in northern Manitoba we have the Hudson Bay railway, which has been mentioned many times in this house. I do not think many people realize just what that railway means at the present time. Last year 7,250,000 bushels of wheat were shipped over that route. That in itself puts the Hudson Bay railway in the black. There are certain savings because of the short route to Europe. Those savings do not necessarily come back to Canada, but somebody gets them, and they are just like sugar scattered out to attract ants, the ants in this case being the ships that can make money coming to Churchill to pick up wheat. The more ships that come, the more wheat will be shipped from there, so today that is a paying proposition for the people of Canada in spite of any minor deficits that may show in the balance sheets. I can assure this house that those deficits will be wiped out in the very near future. Interests in Zurich, Switzerland, are interested in taking out 200,000 tons of pulpwood a year through the port of Churchill. This year they are taking out a trial shipment of 5,000 cords. I will try to put this in figures which will be easy to understand. Those 200,000 tons of pulpwood will mean revenue to the Hudson Bay railway equal to that from 8 million bushels of wheat. So no one in the east and no one in this house need feel that if they do see a small deficit in the accounts, they are paying for the upkeep of something that is not of value to this country.

I would like to mention another point in regard to this northern area. Last year 22 million pounds of fish were shipped out of northern Manitoba. This year 30 million pounds of fish were shipped out of northern Manitoba, and there are going to be many large increases as the Lynn Lake railway keeps working north.

I turn now to the mining picture. Few people know that northern Manitoba is the coming nickel capital of the world. I think I am conservative in this estimate; some

people may dispute it but I am being careful to be conservative. Approximately 75 per cent of the ore reserves of nickel on this globe are in northern Manitoba. There are four potential Sudburys in northern Manitoba. To indicate further that I have some knowledge of that of which I speak, may I say that I know personally that in one of these potential Sudburys there are five tremendous ore bodies. One of those ore bodies is sheared diagonally from one side at the top to the bottom so that the ore body gets smaller as it goes down but the piece that is sheared off gets larger as it goes down. Above 1,000 feet of this one ore body the ore that has been blocked out equals one-quarter of a billion tons. There are 250 million tons of ore above 1,000 feet; and that is not all the ore above 1,000 feet in this one block out of five. In terms of the present value of nickel, that ore is worth $6.50 a ton.

Again, to give you a comparison of what that means in value, may I say that down in Utah where they have a large copper mining development they mine, by open pit method, ore that is worth $3 a ton. It is a large type of operation. I have not looked up the figures in recent years but they started to develop, in 1940, an operation that would mine 25,000 tons a day of that copper ore; and before they had completed the plant they doubled the size of it to 50,000 tons a day. That is the type of operation that we shall see in northern Manitoba in the not far distant future.

Lest some people misunderstand what I am saying, I would point out that this has no connection with Lynn Lake. Lynn Lake is a relatively small, high-grade nickel operation that completely justifies the railway that is going in there now. But these other properties are away beyond that. Lynn Lake cannot be compared with them. In fact, this one little piece I have outlined to you has eight times the ore reserves blocked out at Lynn Lake up to the end of 1949. There are huge nickel ore bodies there. These nickel ore bodies compare in size with the iron ore of Labrador. As you know, nickel is worth something between 60 cents and 70 cents a pound, as compared with the relatively low price of iron. That will give you some conception of the development that is now under way in Manitoba.

The first time that I heard of this nickel ore body was when flying with a prospector only three years ago. Drilling had been just started on this block at that time. He did not know the values and I had no idea at that time what the values of this ore would be. But he described to me the ore body, because it came right to the surface. He did not know what it was but he described the size of it to me. I estimated at that time that that ore body would be of the order of 400 million tons. From then on I was curious as to what the content of it would be. When I found the content of it I placed it on the records of this house. The future is terrific for that part of the country.

I might say that this reef, as you would call it, runs for approximately 300 miles. To give you a little bit of an idea of what happened, may I say this. In the days when the world was young by some upheaval the crust was broken, and these fluid, metal-bearing ores were squeezed up as the crust shifted and came back. That is how our mines of certain types were laid down many years ago.

Copper is one of the metals in short supply in the world today. The copper picture is exceedingly favourable in northern Manitoba. Not far from this new reef that runs so far, there is a similar reef that is copper bearing. It would not surprise me if the same thing that applies to nickel is later found to apply to copper.

I know of another mine; it is a tungsten mine. Tungsten is something that is in exceedingly short supply at the present time. This mine has rich ore, and it will be brought into production in the not far distant future. There are many small mines that cannot go into production because they have no power. It is only the big operations that can bring power to them. The power picture in northern Manitoba is something out of this world. To give you an idea of it, let me say this. You have all heard of the Saskatchewan river and the power development along the Saskatchewan river. You have heard of the power development along the Red river and the Winnipeg river. The Red river watershed which runs down into the United States pours all its waters into lake Winnipeg. The Saskatchewan river, from both north and south watersheds, pours its waters into lake Winnipeg. Out of the north end of lake Winnipeg runs the Nelson river to Hudson bay, a drop of about 850 feet. Along that river, from source to mouth, is approximately 2½ million horsepower that can be generated by water power; it is there to be developed but is still undeveloped.

One of the large developments is at White Mud falls. It is the first. It lies not far from the north end of lake Winnipeg. I have been told by responsible authorities that survey parties were out there last year and that they will be out there in larger numbers this year, and that the power from that development will be required in southern Manitoba inside of seven years. When I say it will

be required, I do not mean that the development will have to start then; the development will have to be completed and will have to be turning out power inside of seven years. The moment it starts turning out power, numerous mines will open up in this area. You can talk about the resources in northern Alberta, and in northern Ontario and in northern Quebec. Canada is aware of those resources but is not aware of the fact that in northern Manitoba, having regard to its size and to its population, there are greater resources there than in any other place in Canada.

An hon. Member: Or in the world.

Mr. Weaver: Yes; possibly in the world. Certainly those resources in older parts of the world have sustained populations of 50 million and 100 million people, not just 50,000 or 48,000 as there are in my constituency at the present time.

This area is in the Pre-Cambrian formation. These people require food. To give you an example of what that means, may I point out that in Flin Flon, Manitoba, we have to import our milk, and over half our milk comes from away out in Saskatchewan, from a place called Melfort, and it takes twenty-four hours by railroad to reach us. When you start bringing milk to 10,000 people, and you have to ship it on the train for twenty-four hours, you will see the problem in front of you, when you get larger populations in that area, to supply them with milk. I am going to make a forecast. I have made many forecasts in the past, and my batting average is fairly high. We have been talking about redistribution and the movement of population and the losing of population. Some people have worried about Manitoba losing a couple of seats this year. I am going to make this forecast. By the time of the next redistribution, that is within ten years, there will be 100,000 people in that area that I describe. According to the present quota of Canada that will be two constituencies. You never need to worry about Manitoba, as long as Canada exists, in respect of losing seats, because that province will more than keep up with the growth of Canada. But I am talking about this large population. They need food. They do not want to bring it long distances by rail, particularly milk.

Two years ago I described an area that has lain there dormant for many many years, which is known as the Saskatchewan river delta. All this water coming down from the western prairies over the years has dropped this silt from the prairies into this area until it is now 40 feet deep in places. It is marvellous agricultural land. To give you an idea of the size of this area, it has been estimated by competent engineers that the area consists of 4 million acres. Hon. members know that Manitoba is a wheat-growing province, but only 2 million acres of wheat were grown in Manitoba last year. That will give hon. members some conception of the size of this area to which I refer.

When you go to bring in a new process in industry and you are not certain as to how it will work out, you first test it in the laboratory and then you take it to the pilot plant stage. We have the pilot plant stage in this huge development at The Pas, Manitoba. There is an area there known as the Pasquia river area. It is a small triangle that lies between the Pasquia and the Carrot rivers and the Manitoba and Saskatchewan boundaries, with the apex of this triangle at The Pas, Manitoba. To show you how much attention has been given to this area by engineers, but not by the public, I would point out that between 1914 and 1916 an expedition known as the Dunn inquiry examined this area and considered draining a very large lake there known as Cedar lake. During the period from 1921 to 1924 this was followed by an investigation under Mr. Horsey, an official of the then department of the interior. In 1946 a detailed survey of agriculture in this district was undertaken by Mr. F. W. Broderick, horticulturist, and Mr. S. E. Churniak, economist. I have before me all these reports. They are quite voluminous, and they are my authority for saying that people who are competent to study these things have gone into them. I have before me a soil survey report on the Carrot river reclamation project by Professor Ellis, of the university of Manitoba. Mr. E. B. Paterson in 1947 prepared the engineering survey which I hold in my hand. We have a progress report on this Pasquia river development area, dated November 1, 1951—that is the triangle I am speaking of—which is worthy of consideration by anyone who is interested. I am going to tell you briefly what it contains, to give you an idea how much of that 4 million acres may be arable land. There are 135,000 acres that have been all surveyed. I am giving you the facts. Of those 135,000 acres, 96,000 acres are arable land, and a further 10,000 acres suitable for growing hay and grazing.

The cost to protect this area from floods, which is the great danger, because the Saskatchewan river overflows its banks from Cumberland House to The Pas periodically, and that is what built this delta, is estimated by the engineers at $1,350,000. Now, estimates are always turning out low, but assume it will cost $1,500,000 to protect these 100,000 acres, roughly, of arable land. That would work out at a cost of $15 an acre. There is

no place in the Dominion of Canada, there is no place anywhere, that you can get land as cheap as $15 an acre, and this is the very best land. It was put there in the first place by the Almighty to provide food for this great area, or the people in it, when the time arrived to develop it, which is now.

Objections have been raised regarding the climate. From my personal observation I can say that we do not need to worry about the climate. About three hundred years ago, when the first settlers came into Quebec, they had a very difficult time to survive because of the climate. If you read the early history of the St. Lawrence valley and the privations of the early settlers, you will realize that at that time the climate of the valley was considered a hard one. Our climate there is no worse than that. We have longer hours of sunshine in the summertime; we have a little longer winters, but so far as severity goes, I have been colder in Ottawa than I have ever been up there.

I am very interested in gardening. For many years I have raised a garden a hundred miles north of this area, and I picked ripe tomatoes in my garden on August 10. I have ripened egg plant in my garden. As a matter of fact there is nothing I cannot grow in my garden except corn, and grow it very successfully. However, I am not asking you to take my word for it. I asked an official of The Pas, Mr. F. B. Chalmers, superintendent of northern resources, who should know, to write me a letter on this, and I want to read some parts of it. He says:

> Further to our discussion of this area with reference to frost damage, I have had a good many years of experience as a lands inspector for the Manitoba farms loans and am intimately familiar with many areas in Manitoba, as well as the Carrot river. It cannot, of course, be said that there is no danger from frost in the Carrot river; however, I feel confident that it may be definitely stated that there are several other sections of the province which are farmed successfully and are equally, if not more subject to frost than this particular area. This is rather an indefinite statement, but I feel justified in making it from the experience I have had.
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> I have spoken with several farmers who have farmed in this area over periods of from fifteen to twenty years and they tell me, of course, that at times they have had some frost, but that they have never experienced a total loss through frost.

I am interested in the subject of frost. I am going to tell you that frost can be a serious obstacle. This is an area that should be a mixed farming area. It is an area that should supply milk, grazing, hay, and coarse grains. This is something that the farmers will recognize, that you will make more money out of frosted grain feeding it to stock than you ever will make out of bread grain, raising it and selling it through the elevators. That, gentlemen, is the picture of that area. The principles of the Prairie Farm Rehabilitation Act should be extended from one end of Canada to the other to take care of propositions such as this because they are large propositions.

In 1947 it was estimated that it would cost $20 million to bring those 4 million acres into production. Let us assume that that was a low estimate, and that it would cost $40 million; that is still only $10 an acre for a tremendous area, which will support a population—or supports a similar population in other parts of Canada—of upwards of 60,000 persons, without the attendant services which go with those persons. That is something that is a little difficult for the financial structure of provincial governments.

Large sums of money have been spent in many provinces, based upon these principles, and they should be extended. I understand there is a bill that might have been introduced a number of times in the last few years, but that because of a lack of interest that bill has not come forward. It would extend these principles to other parts of Canada. I feel the cabinet should reconsider its position, and that the bill should be introduced and passed at this session.

This project will go ahead. If it failed to go ahead here, then any bright individual could go down to New York and get United States funds, without any question, sufficient to develop the area. But that is not what we want. We want these things developed as they have been developed in recent years.

We have heard criticisms in the house from the city of Winnipeg, because they feel they have lost their preferred position in connection with freight rates. Winnipeg has had a preferred position for many years in respect of freight rates, because of its location not far from the head of the lakes. But we must keep in mind that Canada is not made up of any one city or any one area. If Winnipeg has had something that should naturally fall to Edmonton, then it is time it did fall to Edmonton.

I will say this to the city of Winnipeg, that I do not think many people in that city are aware of what is taking place in the province of Manitoba. If they will forget the preferred position they had with respect to the area west of them on the prairies, and will look north, they will find an empire at their doorstep which will keep their resources going just as long as any of the people of that city would want.

One further quotation regarding this area I should like to give, and then I shall close my remarks. I read this once before, but repetition will do no harm and I shall read it again. This is from the address of Mr. S. W.

Fairweather, vice-president of research and development for the Canadian National Railways, of Montreal, before the Engineering Institute of Canada and the Association of Professional Engineers of the province of Manitoba in Winnipeg, on Thursday, January 12, 1950. He said:

The subject which I intend to discuss is of particular interest to those who are developing what I have elsewhere termed the "frontier fringe of Canada." In many countries the word "frontier" has a grim significance but the frontier of which I speak is not a dividing line between nations, it is a dividing line between the developed and the undeveloped. Beyond it lies opportunity, a challenge to the venturesome and a sure hope of reward to industry, intelligence and perseverance. By the definition of my term, the frontier of which I speak is not static. It is being pushed back year by year. It has receded far beyond the position it occupied along the coast and the St. Lawrence river 200 years ago. Only one life-span ago this city of Winnipeg with all its present amenities of civilization was on the frontier fringe. Development pressed westward from the east and eastward from the west until from ocean to ocean the natural resources of Canada were made available in a belt of varying width. Now the path of development lies northward and much of what we regarded not many decades ago as a hostile, barren waste is proving to be a storehouse of wealth—the reward of the hardy, modern pioneer. The rock drill and the mine shaft may have replaced the plow and the grain elevator as symbols of development; but whether the development is of the forest, the fisheries, agriculture or mining, the end objective must be profit to the individual and an increase in national wealth.

Hon. members, we are building a nation today, a nation such as has never been known before on the face of the globe, a nation such as this globe will never see again.

Mr. G. S. White (Hastings-Peterborough): Mr. Speaker, I should like most sincerely to congratulate the hon. member who has just completed his remarks upon having made a most interesting and instructive address, and having given us a glimpse into the future, and of the great natural resources existing in his province. Through his kindness I was one of the privileged few who, when the party visited Churchill, were taken to his home town of Flin Flon, and were there able to see something of the great development at the Hudson bay mine.

I liked in particular one remark of the hon. member when he referred to the national outlook. It seems to me that many times Canadians are too provincial in their outlook, and we overlook the fact that anything that benefits one part of Canada benefits all Canadians, in the long run.

In taking part in this debate I wish to direct my remarks to the national emergency existing today in Canada in regard to dairy products, and in particular to the tragic plight of the cheese producers. No one can deny the seriousness of the situation facing these producers today.

Three cold facts have to be faced: First, there is the effect of substantial imports of dairy products from other countries; secondly, the loss of the United Kingdom and United States markets for dairy products; and, thirdly the problem of the huge surplus of milk in the provinces of Ontario and Quebec, due to the United States embargo on importations of dairy cattle from Canada brought about by the outbreak of foot-and-mouth disease. There is no getting away from these three facts. They have created an emergency so far as the cheese producers are concerned.

It is a well recognized and widely accepted fact that the dairy industry plays an important part in the health of any nation and that, consequently, its importance to the Canadian economy must be weighed in a balance that takes this factor into account, even though the value of such a factor is difficult to set forth in plain dollars and cents.

Leaving that aside, let us consider the known factors. First, there are 450,000 farm families, representing over three millions of people in Canada, who are directly dependent upon the dairy industry for the major part of their livelihood. Secondly, there are thousands of people engaged in dairy manufacture and distribution who, in addition, are indirectly dependent upon the dairy industry for their living. Then, thirdly, there are plants and equipment in Canada represented by over 11,000 creameries, over 500 Cheddar cheese factories, and some 150 combined butter and cheese factories, hundreds of fluid milk distributing plants, as well as many factories engaged in evaporating and condensing milk, and in the production of powdered milk, ice cream, processed cheese, and the like. All these are operated wholly by the dairy industry.

The dairy industry contributes well over half a billion dollars per annum to the farmers of Canada. The value of dairy products at the factories and milk plants is approximately $454 million, while the value of dairy products used on the farm is well over $105 million. Today some wonder if the industry is sufficiently important to worry about. I think it is, for many reasons.

Over the years it has been proved that the dairy industry is the most stable branch of agriculture, being less prone to weather and other economic ills which appear from time to time. Dairy products have assumed an indispensable place in the diet of this country which we associate with a high standard of living. The dairy industry is the cornerstone

of our economic stability. It is essential for the maintenance of soil fertility. There are millions of people in the world today who require and need better food, without which there is less likelihood of a peaceful understanding of each other.

In so far as this country is concerned it is imperative that dairying be made sufficiently attractive to ensure its remaining one of our major industries. During the war years we were never faced with any question of overproduction or surplus of dairy products. In fact during those years the government encouraged the farmer to increase his production in every way. The farmer was encouraged to increase his stock and to put new acreage under production. Thus the farmer was able to greatly increase the production of food.

During those years farm labour was scarce because no one wanted to work on the farm. Labour wanted to work in industry in the cities at higher wages. The dairy producer, despite the shortage of labour and the scarcity and expense of farm machinery and all the other difficulties that faced him, was able to play his part. He increased his stock and he cultivated more acres. Thus there was additional food available, not only for ourselves but for our allies.

During those years the farmer did not have a price tag on his products because the government strictly controlled the price of farm products. As far as cheese was concerned, during those years it was all requisitioned by the government. This did not apply to industry. Not only during war years but later on, until today industry has operated on a cost-plus basis. Every article manufactured by industry sells at a figure that will return to the manufacturer, not only his cost of production but a fair profit in addition. It is quite clear now that wartime controls and the policies of the government in force since the war cost the dairy producer hundreds of millions of dollars.

It seems to me that the government should take some action to reimburse the dairy producers of Ontario and Quebec for the losses they have sustained. Apparently the government recognized that it had some responsibility in the matter, although I will not say it was a legal responsibility, because only a short time ago it approved the payment of $65 million to reimburse the western farmers who during the war years and since had sold their farm products under practically the same conditions as the farm products of Ontario and Quebec were sold. That action indicated the advantage to any group of producers in Canada of being well organized, in being able to exert pressure on the government and in having members in the house making insistent demands on their behalf.

As everyone knows, farmers do not work on a 40, 44 or 48 hour week as does industry. If they did, the cost of dairy products would be much higher than it is today. The farmer continually hears over the radio or reads in the press of new wage demands, of demands for better working conditions for labour. Every time there is an increase in wages to labour the price of the manufactured article which the farmer has to pay increases while the prices he receives for his dairy products remain the same or in many cases decrease. The dairy producer is simply asking that in this emergency, and it must be classed as an emergency, the government take immediate and proper steps to save this vital industry.

I have mentioned the part played by the dairy farmer during the war. If war comes again he will be expected to produce more food under practically the same conditions which existed from 1940 to 1946. It is the opinion of many thinking Canadian citizens that it is in the interests of Canada to maintain and support a dairy industry as a defence measure.

There is a further obligation on the government to the hundreds of veterans who used their gratuities and re-establishment credits to set themselves up in farming. These veterans have heavy commitments to meet over the years stretching into the future. If they are to be successful in re-establishing themselves in the peacetime economy of our country, then the veteran farmers must receive a fair price for their dairy products.

Farming, including dairy farming, has become a much more expensive business than it was years ago. The capital outlay and operating expenses are much higher. The type of labour required calls for more skill, and all in all the business demands that it be operated at full capacity. When you have a high producing cost the need for efficiency is greater than ever before. The dairy farmer today is finding that year by year the cost of farm labour is increasing and that other expenses such as municipal taxes, hydro, telephone, repairs, freight rates and the articles used by him in the operation of his farm have increased over what they were in 1951.

In addition, the cost of operating the cheese factory has increased to the same degree. The wages of a man who draws the milk, the wages of the cheese maker and the wages of other help are all up over 1951, as are the costs of fuel, supplies, repairs and

everything else. The speech from the throne delivered in February, 1950, contained this paragraph:

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

Apparently in February 1950 the government felt that it had some responsibility for continuing price support for the primary products of the farm. If the government felt that price support was necessary for dairy products in February, 1950, surely the need is much greater today with the loss of the United Kingdom and United States markets and United States embargo on Canadian cattle. The words "outside of Canada" used in 1950 did not relieve the government of all its responsibility because some of the circumstances which have put the dairy industry on the rocks today happened inside this country.

The outlook is grim indeed for the dairy producers of Canada if the government does not recognize that and has no plan for correcting its errors. The importing of millions of pounds of cheese from other countries did not benefit the Canadian cheese producer. The importation of vegetable oils and the use of substitutes for cream and milk did not help the dairy producer. Today we find many bakeries, which formerly used thick cream and milk, now using a filled product, the chief ingredient of which is imported into Canada. The uses to which this filling can be put are practically endless.

Nor can the government escape some measure of responsibility for the manner in which the outbreak of foot-and-mouth disease was handled by the officials of the Department of Agriculture. The dairy producer has to compete with imported vegetable oils and fats, and fats extracted from imported seeds and grains. Where these fats are of domestic origin the dairy farmer has to meet that competition. However, in the case of fats derived from imports it seems to me that the dairy producer has a perfect right to demand from the federal authorities, who have control of tariffs and excise taxes, the same protection readily afforded other industries which affect far fewer people than the hundreds of thousands of Canadians engaged in agriculture.

It is admitted, and it is true, that by reason of our climatic conditions the Canadian dairy producer cannot at all seasons produce dairy products as cheaply as countries more favourably situated or where competitive wages and standards of living are lower. I am sure no one will argue that producers of dairy products in Canada should accept lower returns to meet competition from these countries. As long as the Canadian farmer is doing his job efficiently, he is entitled to equality in hours of labour and living conditions with the rest of the Canadian people.

The two main items of costs, wages and prices of concentrated feeds, are beyond the control of the average dairy farmer, and as long as they remain at the present prices we will never have cheap milk. The only factors the farmer can control are the volume and quality of his crops and the care he gives his herd. The Minister of Agriculture (Mr. Gardiner) made two statements in the house this week which I think demand some further explanation. I should like to quote the following from page 1427 of *Hansard*:

> Mr. W. G. Blair (Lanark): I should like to direct a question to the Minister of Agriculture. Will he make a statement on the assistance to be given to the cheese producing industry? Will the assistance given to them bring the price in line with that of the concentrated milk producers who are at present receiving $3.30 on local sales?
>
> Right Hon. J. G. Gardiner (Minister of Agriculture): I think it has been decided in the courts that questions having to do with the price of milk are under the jurisdiction of the provincial governments. The question of cheese and milk in general has, I think, been fairly well taken care of by the government of Ontario. As to cheese production and other related problems, they are dealt with accordingly.
>
> Mr. White (Hastings-Peterborough): I should like to ask the minister a supplementary question. Did I understand him to say that there will be no floor price with regard to cheese?
>
> Mr. Gardiner: I am not in a position to say whether there will or will not be. I understand that in Ontario there is an established price under provincial law. I do not know that anything we would do about it would override that law.

Again, at page 1471 of *Hansard*, in answer to another question the Minister of Agriculture replied as follows:

> There is a floor price under butter, of course, and, as I said yesterday, there is a legalized position in Ontario in relation to cheese. Since most of the cheese is made in Ontario, the cheese position is quite well governed by that.

I would point out that if the Minister of Agriculture was referring to the Milk Control Act of Ontario, which is R.S.O. 1950, chapter 179, there are these two definitions in the interpretation section:

> Milk includes cream and such products of milk or cream as are manufactured or processed in any form, other than butter and cheese.
>
> Processor means a person engaged in the business of processing milk or manufacturing milk products, other than butter and cheese.

If that was the act to which the minister was referring, he will note that cheese and butter are not included. The minister says:

I understand that in Ontario there is an established price under provincial law. I do not know that anything we would do about it would override that law.

I would point out that the minister uses the word "law" several times. As far as I know there is no law in the province of Ontario that sets an established price. I for one would be much interested in obtaining from the Minister of Agriculture the necessary particulars as to where one will find an Ontario law which sets an established price as far as cheese is concerned.

Mr. Hodgson: There is none. He is passing the buck.

Mr. White (Hastings-Peterborough): I admit the minister left the door open when he answered my question as to whether or not there would be a floor price for cheese. I quite appreciate this announcement may and can be made before the end of the dairy year which closes on the 30th of April. It is interesting to note that at the recent cheese board held at the city of Belleville no cheese was purchased. As the result of that all other boards have been cancelled. I noticed yesterday in the Ottawa *Journal* a report of a meeting at Vankleek Hill on April 22 of eastern Ontario cheese men who asked for a 33 cent floor price for cheese. I should like to quote two paragraphs from the remarks made by the chairman of the meeting, Mr. John A. Fraser. He said:

In order to survive in eastern Ontario producers of milk for cheese factories had to get from $2.75 to $3 per hundredweight for 3·5 milk. If cheese reverted to the last year's floor of 28 to 29 cents factories would be padlocked in eastern Ontario. From 20 to 30 small factories definitely would have to close their doors.

In the same paper there is an editorial on the statements made by the Minister of Agriculture in the house with respect to the questions asked by the hon. member for Lanark (Mr. Blair) and myself. The editorial is headed, "Mr. Gardiner Backs Away From the Cheese Crisis". After reviewing the situation, the editorial sums up the present situation as follows:

The net result is the threat of a chaotic tangle in the entire Ontario dairy industry, possibly in Quebec as well. Cheese exchanges, where the trade buys from the factories, are closed and the trade is not buying. Many factories have not opened. Cows will soon all be on pasture and a huge flow of milk threatens to back up right to the top grade. This could well threaten the livelihood of several hundred thousand persons in Ontario alone, could result in widespread unemployment. It is certainly a situation which requires something better than the evasive answer Mr. Gardiner gave in the house last week.

I should also like to refer to the chamber of commerce resolutions for 1951-52 in their chapter on agriculture. They make this statement:

It believes that acreage controls, delivery quotas and governmental marketing monopolies should be limited to times of extreme national emergency . . .

I would submit, Mr. Speaker, that the present condition in the dairy industry is a national emergency brought about by conditions over which the dairy producer had no control. As the editorial points out, this emergency condition affects hundreds of thousands of Canadians and may be the cause of widespread unemployment, for if the dairy producer cannot sell his product certainly he cannot buy the product of industry. Almost any implement dealer in eastern Ontario can tell of the many contracts he had on file for the delivery of tractors and other implements this spring which have been cancelled.

Any attempt by the minister to evade the issue or to place the responsibility upon any provincial government will not be accepted by the dairy producer, and will not meet this emergency which cannot be handled either by the producers or within any province. The loss of our two markets, the United Kingdom market and the United States market because of the embargo following the outbreak of foot-and-mouth disease, created a condition the cheese producers could not handle. I am sure the minister is aware of the many meetings that have been held in eastern Ontario during the past six weeks. I am sure he must have received many petitions and resolutions asking that a floor price be established for cheese. As I mentioned a moment ago, the meeting at Vankleek Hill asked for a floor price of 33 cents. The meeting in Belleville on April 19 asked for a floor price of 36 cents.

I appeal to the minister to recognize the emergency that exists today in the dairy industry, an industry which affects the whole economy of Canada so greatly. I cannot believe he meant by his remarks last Monday that no floor price will be set for cheese. Surely he will agree that this large number of Canadians are entitled to assistance during this emergency period by means of a floor price that will at the very least permit the dairy farmer to produce his product with a small margin of profit.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. W. Ross Thatcher (Moose Jaw): I am one of those Canadians, Mr. Speaker, who paid their income taxes in the last few weeks. I do not suppose that makes me an expert on this budget. However I can tell you it permits me to speak with greater feeling than might otherwise have been possible. I believe that taxes in Canada are too high, and I think some way must be found to bring about reductions.

When the Minister of Finance (Mr. Abbott) introduced his budget shortly before Easter, he certainly presented Canadians with a sobering document. In a nutshell, he is proposing to take from the pockets of the people this year a sum of $4·5 billion or better. What is the significance of that figure to the average taxpayer? In the first place, it means that this year the federal government is going to take 21 cents in taxes, out of every dollar which is earned in the country. In the second place, it means that the federal government in 1952 is going to take from every man, woman and child in this nation average taxes of $320. This compares with a per capita tax in 1939 of only $40. Strangely enough, Mr. Speaker, when I was home at Easter I did not find too many of my constituents worried about that fact. I think the main reason for the apparent public apathy is the number of anaesthetic devices that the government has developed in recent years, to ease the pain in extracting the taxpayers' dollar. About 99 out of every 100 taxpayers in Canada pay the 10 per cent sales tax, the 15 per cent luxury tax, cigarette taxes, excise taxes, customs duties, tariffs, in blissful ignorance of the amount which is going to the federal treasury. As a matter of fact, even where personal income taxes are concerned much of it is collected by the employer. Even if you go to the employee and ask him how much he is paying the federal government in personal income taxes he has not the vaguest idea.

For that reason, I think Canadians have not as yet realized the significance of the astronomical figures which the Minister of Finance presented here a few weeks ago, nor have they realized the seriousness of those figures. I think it is a tragedy that, for one year at least, we cannot have Canadians pay all their federal taxes in one lump sum. If they had to do that, there would not be a revolution, but I venture to say the government would not last one week unless they brought taxes down. I say that the level of taxation in Canada has reached the danger point. I believe it has reached a level where it is lowering our standard of living. It has reached a point where it is discouraging initiative on the farm, in the factory, and throughout business generally. It has reached a level where it is harming trade, and is promoting inflation.

More than a year ago the Minister of Finance made a proposition to this house with which I wholeheartedly agreed. He said this, in effect. There is no magic in government finance. A dollar which is given to one person must, first of all, be taken away from another. $4·5 billion is a lot of money. I think no one should feel that this money can be raised simply by "soaking the rich". Let no citizen make any mistake. These expenditures are going to be paid for by the average Canadian, the workingman, the farmer and the small businessman. I realize that our national production is high, but I do not think it has reached a point where we can take $4·5 billion in federal taxes without having serious repercussions. I shall, therefore, propose this evening, that our federal expenditures should be cut by at least $315 million. It is fair for the minister to ask me "how" and "where". I shall try to tell him.

The government would have us believe that this budget is the price which we have to pay for security. But is it? I remind hon. members that the greater part of this budget is for items that have no relation whatever to defence. In his budget speech last year, the Minister of Finance stated that the necessities of defence now require that our expenditures for all other purposes should be reduced. Yet despite that statement the minister has come before parliament with a proposal that non-defence expenditures be increased by at least $227 million. Personally, I cannot agree that, in view of our defence emergency, non-defence expenditures should continue to grow and grow. Many of the items in this budget are desirable, in fact most of them are desirable, and most of them are for items that Canadians would like. But I think if it means getting the tax level down, Canadians would just as soon do without some of them.

Since coming to Ottawa I have been one of those who have always believed there was a good deal of merit in the suggestion that a commission be set up somewhat along the lines of the Hoover commission in the United States, to study waste and duplication in the government. I think a good deal could be accomplished by such a commission, because certainly members of parliament have not the time nor the facilities to go through the estimates and the public accounts, and give

them the scrutiny that they deserve. This evening I desire to make a number of concrete proposals of instances where I think the minister could save money. I realize that some of the suggestions may not be popular; nevertheless, I think they are sensible. I shall classify these savings in three categories: First, petty savings; second, major savings which are dependent more or less upon government policy; third, savings in the defence effort.

In the first category, I maintain that the estimates are cluttered up with dozens of petty expenditures which no sound business concern would maintain in a time of financial emergency. I should like to give a few examples. I refer the house to the estimates, first to items 54 and 55. In these items the government proposes to spend $2,039,000 for international shortwave broadcast services. If I understand these services correctly, they beam broadcasts to countries in Europe, and particularly behind the iron curtain. In the first place, I doubt if there are many people in those countries who have radios powerful enough to receive the broadcasts. But even admitting that the broadcasts have a certain propaganda value, even admitting that they may create certain good will for Canadians, I believe that their value is far outweighed by the cost.

I suggest to this house tonight that this item might be classified as a luxury expenditure under present circumstances. I believe it should be deleted from the estimates, in order to save the taxpayer $2,000,000.

The second saving I would suggest has to do with the House of Commons itself. After all, if hon. members are really interested in making savings I think they should set an example. For three straight years, ever since the inception of the 21st parliament, we have had double sessions. As nearly as I can gather, the last double session of parliament cost the taxpayers of Canada directly $2 million, and indirectly I suppose a good deal more money. Surely, if our rules were modernized, if they were brought up to date, it should be possible for this parliament to get through its work in four or five months at most. There are other disadvantages to these double sessions. After all, it is difficult for a member to get around to see his constituents if he has to be down here eight or nine months of the year. I think too if they are persisted in, they will discourage many members from offering themselves for parliament, because of the time involved at Ottawa. There is a good deal of talk of another fall session this year. I sincerely hope that this may not be necessary. Let us sit and get our work done by July. I do not think it is fair to ask the taxpayers to pay the cost of another double session.

The third saving which I would suggest is of a minor nature; it has been made in this parliament before. For the first time, this year, it is proposed to pay lieutenant governors a special allowance, "hospitality" and "entertainment." Personally, I have always felt that the work done by these gentlemen could be just as effectively performed by our chief justices. However, whether or not that is so, I do not think that at a time when the taxpayers are facing expenditures of $4·5 billion, they should be called upon to pay bills for entertainment and hospitality for these gentlemen. If item 170 were deleted from the estimates, the amount of $86,000 could be saved.

The fourth saving I would suggest has to do with the printing of departmental reports and other publications. This year the government is going to spend $7 million on this item; and in addition it proposes to spend $10,500,000 on films, displays, advertising and so forth. Of course, some of these pamphlets are valuable; I do not deny that. But there are a great number—and I think the number is growing—which have very dubious value. I have several in my hand which came to my office this week. Two of them are from the Department of National Health and Welfare. One of them contains a series of cartoons. One of the cartoons shows a workingman having his hand held by a nurse. It says: "The nurse and the pulse of industry." For the life of me I cannot see of what value such pamphlets are to the taxpayers of Canada. I will venture to say that there is not one member in this house who does not consign regularly each week forty or fifty of these pamphlets to the wastepaper basket. I wish that the Minister of Finance or his parliamentary assistant would order the queen's printer to assemble all these publications and pamphlets in the railway committee room, and then I wish he would invite members of parliament to see the exhibition. I will wager that not only would the members get an eye-opener, but so also would the Minister of Finance and his parliamentary assistant.

Mr. Graydon: You would need the exhibition grounds.

Mr. Cardiff: You could not open their eyes.

Mr. Thatcher: I contend that there is no real need for a good many of these pamphlets that are being put out, and I suggest three steps to cut them down. First of all, I think we should set up a small central publicity bureau to handle all work of this kind. Then

I think we should tell the bureau to eliminate all but the most essential publications. In the third place, I think we should start charging for technical publications to the mining industry, to agriculture, and to groups of that kind. It is my belief that if we did that we could save a minimum of $4 million this year.

What I have said, Mr. Speaker, also applies to the dominion bureau of statistics. In 1939 the dominion bureau of statistics cost the taxpayers $1,042,000. Today it is costing us $6 million. I think we have an efficient bureau, but I also think that they are compiling a good deal of information for which the average Canadian has no need, and which in an emergency most Canadians would just as soon get along without. I am in the hardware business. I receive numerous publications from the bureau. I must be frank and say that they do not seem valuable to me. I suggest to the Minister of Finance that he curtail the estimates of the bureau of statistics by $1 million. I think he could do it without in any way curtailing the more important features of its services.

My sixth suggestion, Mr. Speaker, is that item 42 of the estimates be deleted. Last March 12, the hon. member for Charlotte (Mr. Stuart) made a very interesting speech in this house, and I quote from *Hansard* at page 377:

> The federal government has voted $500,000 annually to buy aluminum pails for the maple syrup industry of this country.

Well, my sentiments are somewhat similar to those he expressed on that occasion. Why on earth should the taxpayers of Canada buy aluminum pails for the maple sugar producers? Why should they not buy their own?

Mr. Maltais: Seventy-five million dollars for wheat.

Mr. Thatcher: Unless there is some reason, Mr. Speaker,—

Mr. Gingras: Syrup is much better than wheat.

An hon. Member: A drop in the bucket.

Mr. Thatcher: Unless there is some reason which does not meet the eye, Mr. Speaker, I believe that item 42 could very well be deleted.

Mr. Maltais: What is the amount there?

Mr. Thatcher: The amount is $500,000.

Mr. Maltais: Seventy-five million dollars for wheat.

Mr. Thatcher: I propose that items 291 and 292 of the national health estimates be deleted. These expenditures have to do with the administration of the National Physical Fitness Act. This year they total $211,000. I remind the house that the original purpose of that act was to promote and co-ordinate a physical fitness program among the provinces. I would admit that the division has done some useful work—not too much. It has prepared a variety of literature on recreational topics; it has studied different recreational programs in other countries; it has studied layouts for playgrounds and so on; but by and large I believe the program has been a failure. Two provinces have not even bothered to enter the scheme, and the division, which was originally set up to work on physical education, has gradually been drifting into adult education, the drama, and so on. It seems to me that in the eight years this act has been in force there has been no great need for the service demonstrated. I say that the taxpayers are not getting value for their money, and that this item should be taken from the estimates.

Item 419 of the estimates calls for an expenditure of $1,500,000 for promoting the tourist business in Canada. I realize I am probably skating on pretty thin ice when I suggest that that is an expenditure that should be cut this year; but nevertheless, in view of the tax load, I think $500,000 could be taken from this item without any harm being done.

There is just one more of these petty expenditures that I should like to mention, namely, item 96. Item 96 is to provide for the construction and execution in Canada of seven doors to be donated by Canada to the United Nations permanent headquarters. Seven doors, at $7,143 per door. What kind of doors are they? I could build a whole house in my city for that price. If these doors have not been ordered I think this might be a good item to delete while there is yet time.

I have listed these seven or eight items, petty expenditures, simply to give the house examples of savings which I think could be made. In themselves they may seem petty; I think they add up to about $10,300,000. However the point I wish to make is that these estimates are cluttered up with dozens of expenditures which, at a time like this, ordinary companies would eliminate.

Mr. Fournier (Hull): That is far from $315 million.

Mr. Thatcher: Oh, I shall come to your department in a minute. I have only commenced.

I come now to the second category: Major savings which are more or less dependent upon government policy; and in that connection I shall refer first of all to the Department of Public Works. This department

plans to spend in 1952, $107 million, which is an increase over last year of $8.2 million. I would agree with the minister that probably most of those expenditures are desirable, and probably most Canadians would like to see these various expenditures proceeded with. But, despite that fact, I think that the height of the tax level in Canada today makes it imperative that the less urgent of those projects be temporarily deferred.

Mr. Fournier (Hull): Name them.

Mr. Thatcher: I will come to that; give me time. It seems to me that in order to lighten the tax load, such expenditures as most of the post offices, most of the wharves, most of the dry docks, the customs buildings—

An hon. Member: Oh, no, no.

Some hon. Members: Oh, oh.

Mr. Fournier (Hull): And that was from one of your own members.

Mr. Thatcher: —and most of the public buildings could be dispensed with. I think the Minister of Public Works could cut his expenditures by $20 million this year.

Mr. Fournier (Hull): Where?

Mr. Thatcher: I just told you where.

Mr. Fournier (Hull): Give me one instance. Be specific, so I will know it—and if it is in your riding, I will remember it.

Mr. Thatcher: Go through your estimates and you will find them.

Mr. Sinclair: The Moose Jaw post office should be the first one.

Mr. Thatcher: Since when were they going to build a post office in Moose Jaw?

Every five years the Minister of Finance has been telling the opposition members to show him how to save money. Now, if he will be patient long enough, I will tell him how to save it.

I come now to the civil service.

Mr. Fournier (Hull): Oh, you have left public works, have you?

Mr. Thatcher: I have suggested what could be done to ease the tax burden in your department.

To what extent is the government economizing on its own payroll? Certainly in the past few years I have heard the Minister of Finance tell us repeatedly that every effort was being made to keep civil service numbers within reason. What are the facts? The fact is that the federal government has thousands more of employees today than it had at the peak of the war years.

Mr. Sinnott: So has Saskatchewan.

Mr. Thatcher: It has three and a half times the number that it had in 1939. And I should like to be a little more specific. Last year, important evidence was placed before the Senate committee on finance. I would make reference to a table at page 64 which purports to indicate the numbers of employees of the government of Canada, exclusive of members of the armed forces and the Royal Canadian Mounted Police. This chart shows that in 1939 civil servants in Canada numbered 46,106, in 1950 they numbered 155,960, and in 1951 there were 156,220.

The cost to the taxpayers of salaries might be of interest to the house. The figures show that in 1939 the cost of civil service salaries was $74 million, while in the year 1950-51 it was $282 million, in 1951-52 it was $302 million, and this year it is to be $333 million. I think it is obvious from these figures that both the numbers and the cost of Canada's civil servants continue to grow rapidly. Hardly a day goes by that members do not receive some notification in their mail that some new appointment has been made, or is about to be made.

Most Canadians can understand why an expansion in our civil service is needed during years of war, but I think there are many Canadians who cannot understand why the numbers continue to increase so rapidly after the war, instead of showing any tendency to diminish.

Mr. Fournier (Hull): How much would you cut there?

Mr. Thatcher: I will come to all that. Please do not be so impatient. On the surface at least it would appear that many departments have increased very rapidly. I would mention, for instance, the Department of Transport. In 1939 it had 5,760 employees, while in 1951 it had 11,970.

Now, no one in the house need agree with me, if he does not wish to; but I contend that the civil service could be cut by 5 per cent at least, without in any way impairing efficiency.

Mr. Fournier (Hull): That is $16 million.

Mr. Thatcher: All right. We will save $16 million, or perhaps a little more. I think we could save almost $20 million—

Mr. Fournier (Hull): All right, then, $20 million.

Mr. Thatcher: —and without impairing the service one bit.

An hon. Member: Make it $25 million.

Mr. Thatcher: With federal taxes today running about $4·5 billion, I think the time has come when this government must find

some way of measuring the size and efficiency of our civil service. As I said a moment ago, I think we should give consideration to setting up a commission similar to the Hoover commission, to come in and see whether efficiency is there or not.

The next saving I would suggest is also connected with the civil service, and concerns specifically the age of retirement. I think I am not exaggerating when I say that many Canadians were profoundly shocked when the Minister of Finance brought in—I think it was last March 29—supplementary estimates which contained on page 3 an item of $102 million which was allocated to the civil service superannuation fund.

I would remind the house that this amount was in addition to regular payments. I would also remind the house, and remind the parliamentary assistant, that this amount of money was in addition to the $75 million that was allocated the fund last year.

Mr. Graydon: Get up, Stanley.

Mr. Sinclair: May I ask the hon. member a question?

Mr. Thatcher: No.

Mr. Knowles: I will answer it.

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

Mr. Speaker: Order. Unless the hon. member gives way, he cannot be interrupted.

Mr. Thatcher: I would be pleased to permit a question.

Mr. Sinclair: I was wondering whether the hon. member was in the house this afternoon when his colleague from Winnipeg North Centre (Mr. Knowles) was urging that a much greater contribution be put into certain government pensions.

Mr. Knowles: Hear, hear.

An hon. Member: Get together.

Mr. Thatcher: I am expressing my opinions, whether anyone in the house agrees with them or not. Perhaps my hon. friend and colleague was not advocating the same thing as I am.

Some hon. Members: Oh, oh.

Mr. Thatcher: Now, to be serious—

An hon. Member: Try to be.

Mr. Fournier (Hull): Oh, do you have to be serious?

Mr. Thatcher: —I believe in pension funds. I certainly believe that a civil servant who has served his country faithfully and well should be able to retire with a decent pension. But I also believe that we, as members of parliament and as the representatives of the taxpayers of Canada, have a responsibility to see that the cost of these pensions is kept within reasonable limits. Now, I may be wrong, but it seems to me that $102 million in one year for the pension fund is not keeping it within reasonable limits.

Mr. Dewar: Would you increase railroad pensions?

Mr. Sinclair: Yes, would you?

Mr. Thatcher: Would the hon. member for Qu'Appelle like me to suggest savings that his minister has been asking for, for some years? I admit I have not studied the Civil Service Superannuation Act in great detail.

Some hon. Members: Oh, oh.

Mr. Lapointe: There seem to be some other things you have not studied.

Mr. Thatcher: I said that I have not studied this act with profound care, but I have read it several times.

Mr. Fournier (Hull): Why speak about it, then?

Mr. Thatcher: And if my understanding is correct, the act says that a civil servant today may retire at the age of 60, if he wishes, and that he is forced to retire at the age of 65.

Mr. Sinnott: No, he is not.

Mr. Thatcher: I contend that under present circumstances, when we are in the midst of a rearmament program, the retirement of citizens at the age of 60 or 65 is financially dangerous. The cost to the taxpayer is simply too great. I presume to suggest several amendments, therefore, to this legislation.

I refer to the retirement age for civil servants. I think the voluntary age of retirement should be changed from 60 to 63 years, while the compulsory age should be raised from 65 to 68 years. I think the civil servants themselves would welcome this latter amendment because many of them do not like to be forced into idleness in these days of high prices. That should save the taxpayers at least $1 million, and perhaps a much greater sum over the years.

Mr. Robinson: Will the hon. member permit another question? He has been suggesting a number of savings and I was wondering if he intends to support the resolution standing in the name of the hon. member for Winnipeg North Centre (Mr. Knowles) in connection with social security? If he is, it seems to me that all his savings will disappear in the one item.

Mr. Thatcher: I thank my hon. friend for asking his question. I shall give that resolution my careful consideration.

Mr. Knowles: The hon. member sounds like a minister.

Mr. Thatcher: The estimates of the Minister of National Health and Welfare (Mr. Martin) are going to be increased this year by $255 million, mainly because of pension changes which were introduced at the last session. Today we are paying old age pensions to every Canadian at the age of 70 years without a means test. That measure passed this parliament unanimously and I was one of the members who supported it. But I must admit I am beginning to wonder if certain modifications to that act might not be desired. We have had this scheme now for four months and I cannot help doubting the wisdom of paying old age pensions to Canadians who are wealthy and have no need of them.

Mr. Sinclair: You want a means test, in other words.

Mr. Thatcher: Just let me continue.

Mr. Sinclair: You want a means test.

Mr. Thatcher: I must say that I find it a little ludicrous that the taxpayers of Canada, overburdened as they are, should be paying an old age pension—I take this gentleman only as an example—to the Prime Minister (Mr. St. Laurent). I cannot believe that a man in his financial circumstances needs it. I understand too that we are paying the pension to quite a few senators. I suppose even my old employer, multimillionaire J. S. McLean, now qualifies for the $40 monthly cheque, although I do not know whether he is collecting it or not.

The point I am trying to make is that there are thousands and thousands of Canadians receiving this old age pension who obviously do not need it. The same might be said of the baby bonuses. The taxpayers are going to spend $332 million this year on family allowances. I say at once that most of this money will be well spent, but I cannot help wondering how badly my good friend, the hon. member for Comox-Alberni (Mr. Gibson), needs three family allowance cheques to make ends meet. There must be many other people in Canada in the same category.

Mr. Garson: Would the hon. gentleman permit a question. Would he apply a means test to family allowances, too?

Mr. Knowles: Over my dead body.

Mr. Thatcher: I thank the minister for his question and I should like to answer it. I wonder whether it is sensible to pay old age pensions or family allowances to those with an income say of $5,000 a year or more. I take that figure out of the air, as perhaps it should be $6,000. I am referring to those people who have no need of them. If the minister adopted this suggestion my closest estimate is that he would save the taxpayers about $30 million.

Today there are about twenty different branches or agencies buying supplies or materials for the federal government. They are buying food, coal, paint, munitions, office equipment and things of that kind. It seems to me that so many purchasing departments cannot help but promote inefficiency and duplication. I remember Mr. Bryce, one of the officials of the Department of Finance, appearing last year before the public accounts committee. He told us that the Department of National Defence bought its cars direct from the manufacturers while the other departments did not, and as a result paid considerably higher price. Such a policy cost the taxpayer a good deal of money. I doubt if there is a single corporation in Canada with more than one purchasing department. Some years ago the province of Saskatchewan set up a central purchasing department and they have been most gratified with the results obtained. Such a central purchasing department for the federal government would mean a saving of about $10 million in the extra discounts that could be obtained through volume buying.

The savings in this category which I have mentioned would amount to roughly $81 million. If we add those to the first category, the savings would total about $91 million in non-defence expenditures.

Finally I come to the touchy defence figures. I would be the first to admit that I am not an expert on international affairs or national defence, but I do not think that that means that I as a federal representative should regard these expenditures as sacrosanct or beyond the pale of criticism.

It is proposed in the coming fiscal year to spend between $2,000 million and $2,500 million on rearmament and defence generally. It is incredible that a peace-loving nation like Canada only a few years after world war II should face commitments of this size. I think everyone realizes that we are living in dangerous times and it is sensible and necessary to have adequate defences. However after having been home for a few weeks I can say to the minister that there are many Canadians who are viewing with great uneasiness the size of our rearmament program. They realize that every dollar spent on arms means $1 less spent on constructive national development.

Is this money being spent wisely by national defence? I think every hon. member realizes that parliament, or even the efficient treasury board, has very little direct control over the detailed expenditures which are made for national defence. Today the Minister of National Defence (Mr. Claxton) is spending more than $2,000 million,—more money than the whole government was spending shortly before Korea, and almost as much as is being spent this year by all his colleagues together. He is spending four times what the whole government was spending in 1939. While the minister may be the ablest minister in the world I do not think it is physically possible for him, or any one person, to go over these detailed defence expenditures, and say that they are being handled without waste or inefficiency.

The fact is that the military authorities have the responsibility for most of these military expenditures. I am not sure that the Canadian taxpayer is convinced that these gentlemen are not spending his money with too much abandon. I do not think the Canadian taxpayer is a bit impressed with the efforts at economy which the government has made in this connection. I feel the Department of National Defence is the department where the greatest economies in the budget can be made. I remember when Mr. Bryce, Mr. Drury and certain other officials appeared before the public accounts committee a year or so ago. Why, for instance, are we operating today in some cities a recruiting office for each of the three services?

I remember the hon. member for Calgary East (Mr. Harkness) pointing out to the public accounts committee that in that city there was a recruiting office for the navy, one for the air force and one for the army, all within a few blocks of each other. There are other savings of that kind which could be made. I remind the house that a few months ago Winston Churchill pared the defence budget of Great Britain substantially. I also remind the house that a week or so ago the United States congress was impressed with the need for economy. I have a press dispatch carrying the story. The heading of the article is, "Slash Advised in U.S. Budget". The article reads in part:

> A $4,240,638,500 cut in the United States defence department's $50,921,022,770 budget for the fiscal year starting July 1 was recommended today by the House of Representatives appropriations committee.

If Great Britain and the United States can set such an example I do not see why it would not be sensible for Canada to follow the same course. If we could cut our budget by 10 per cent, leaving it to the military to decide where they want it cut, we could save the taxpayers of Canada $225 million. I remind the house once again of the words of the Minister of Finance last year. He said that there was no magic in government financing, and that a dollar paid out to one person must first of all be taken from another. High taxes are not inevitable but if they are not inevitable, then expenses must be cut. I think I have suggested savings approximating $315 million, and if there is something wrong with my suggestions let the minister point it out. I say that peacetime taxes in Canada have become too high. The government is taking 21 cents out of every dollar earned, on top of provincial and municipal taxation and have reached a point where most Canadians can no longer stand them. My main criticism of the budget must be that the federal government has not persevered in its efforts to curtail federal expenditures.

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

Mr. Thatcher: Certainly.

Mr. Crestohl: How does the hon. member reconcile his plea for economy with the proposals of some of the leaders of his own party that the people of Canada should help finance a Pacific pact, should send to Great Britain gifts approximating $200 million and should construct a peace park, something that the hon. member himself has suggested?

Mr. Thatcher: I simply told the house tonight that I accepted the challenge which the Minister of Finance has made on many occasions that we should be specific and try to suggest tangible savings that could be made. I ask no hon. member to agree with me. If hon. members wish to be facetious that is their privilege.

Mr. J. S. Sinnott (Springfield): Mr. Speaker, at the outset I must congratulate the hon. member for Moose Jaw (Mr. Thatcher) on his courage in attempting to cut certain expenditures that some of his colleagues are advocating. At long last the top has come off the kettle—

Mr. Thatcher: Which the government has put into effect.

Mr. Sinnott: —and we really understand the position of the hon. member for Moose Jaw. He is going to curtail the civil service. He is going to curtail the building of public wharves, public buildings and public houses.

Mr. Thatcher: Temporarily, and I did not say "houses".

Mr. Sinnott: Houses for the soldiers. If we are going to follow his program I am afraid it will not be in keeping at all with the program of his party for full employment.

Mr. Thatcher: Why not?

Mr. Sinnott: If you are going to lay off all these men naturally you are going to have unemployment.

Mr. Thatcher: What men did I suggest should be laid off other than non-essential workers?

Mr. Sinnott: You are not going to build public wharves or public buildings and you are going to curtail the civil service. That takes in pretty nearly everybody.

In my opening remarks, Mr. Speaker, I intend to deal largely with finance, and I want to refer to an article appearing in a pamphlet of the Canadian Construction Association. I think what the president of the Canadian Construction Association has to say is of importance to this country at the present time, and I will deal with it more fully later. At page 14 there is a chapter headed, "Economic development best anti-depression insurance". The article reads:

Any lack of confidence in the future appears to result from a fear of a recurrence of the thirties. Examples of this are the restrictive practices, featherbedding, wildcat strikes and security aims encountered in some trade union activities. Let us look forward, not back. Canada is like an ambitious youth with unlimited horizons in front of him. And just as a young man should concentrate primarily on grasping opportunities rather than seeking security, the people of a young nation like Canada should do likewise. People are too depression conscious and I repeat that I personally feel that we need have no fear of a depression if our expansion program is carried out in forthright co-operative fashion. Canada possesses sufficient natural wealth to support a far larger population and to provide employment to all who are able to work. Emphasis on the word "work," however—

An hon. Member: And wages.

Mr. Sinnott: It continues:

—is important. Labour has throughout the years benefited from capital investment which has led to increased production. Employees can best improve their status through helping in every possible way the economic development of their country. This does not include decreased productivity, unnecessary work stoppages and the raising of costs to levels that discourage investors or purchasers. There have been gratifying indications of late of a greater understanding—

An hon. Member: What book are you reading from?

Mr. Sinnott: It continues:

—of the relation between wages and prices, between subsidized social services and taxes, and between production and living standards. But there are still a number of irresponsible labour leaders throughout our various industries who evidently choose to disregard these relationships and appear to be more interested in their own personal score than in playing the game for the benefit of the whole team.

Mr. Cardiff: Are you reading your speech?

Mr. Sinnott: He goes on to say:

Galloping inflation would have communist approval.

Some hon. Members: Hear, hear.

Mr. Sinnott: Our Tory friends on the other side are always fighting the communists, and I think they would do well to listen to what this man has to say. I continue:

It has been stated that virulent inflation and communism constitute the two chief dangers to our way of life at the present time. Union demands for higher wages not accompanied by increased production and lower unit costs are highly inflationary and can but lead to the well-known spiral of wages and prices.

An hon. Member: Who wrote that?

Mr. Sinnott: I continue:

This has led to the confusing situation where there is an uncomfortable amount of truth reflected in a recent cartoon in which a labour representative during wage negotiations says "We also think there should be an escalator clause to meet any cost of living increase that may result from the granting of our wage demands."

An hon. Member: What are you reading?

Mr. Sinnott: I continue.

It is well to remember that communist leaders on many occasions have advocated industrial unrest so that eventually prices will be so inflated that the economic systems of the western world will break down, leaving the door—

An hon. Member: Wide open.

Mr. Sinnott: I continue:

—open for widespread communism and, incidentally, the suppression of free unions.

I would remind my hecklers across the way that this is a statement by the president of the Canadian Construction Association.

Mr. Hodgson: What is his name?

Mr. Sinnott: Mr. Robert Drummond.

An hon. Member: You have read all that.

Mr. Sinnott: Well, at least I can read; you can't. I have read this statement because it has something to do with the hon. member for Winnipeg North Centre (Mr. Knowles). We in this house know the hon. member is always advocating shorter hours and higher pay. He also advocates more social services, and he does not agree with our friend from Moose Jaw (Mr. Thatcher). A year or so ago I named the hon. member public enemy No. 1. I did that in a kindly way, because he seems to have in mind only one cry, shorter hours and higher wages. The other day he told us his constituency was one mile wide and three miles long. My constituency is 110 miles wide and 320 miles long; and in

order that the people he represents may work forty hours a week or less he is asking my constituents to work sixteen or twenty hours a day. I have asked the hon. member for Winnipeg North Centre before, and I am going to ask him again, to come to my constituency any time he chooses this summer and work with me for one full day. Then he will know what a day's work is like. This country simply cannot produce more and more, and provide more social services, with shorter hours and higher wages. Nevertheless the hon. member keeps harping on that subject because he knows it will get him votes, and that is what he is working for.

Mr. Knowles: It makes your hair stand on end, doesn't it?

Mr. Sinnott: Well, if the hon. member gets any comfort from that he is welcome to it. Yesterday he accused the parliamentary assistant to the Minister of Finance (Mr. Sinclair) and the minister of trying to trick the people in connection with his resolution regarding the four per cent floor under medical expenses. I was in the house at the time that resolution was adopted, and just when the discussion finished the hon. member hollered "unanimously". Well, there is no question about it; the house adopted the resolution unanimously. But the resolution only requested the government to consider the suggestion. The house did not unanimously adopt the resolution in the form the hon. member tried to twist it in order to bring the minister and the government to their knees. The government will consider it, and if in course of time they think it feasible, it will be brought in. But let us make no mistake about it; we voted that the government should consider the matter and nothing more.

Yesterday the hon. member for Eglinton (Mr. Fleming) had a good deal to say. At times he worked himself almost into a fury, attacking the government, attacking the Minister of Finance (Mr. Abbott), attacking the parliamentary assistant, and in general attacking the budget. He went on to say that the per capita taxation this year amounted to $300. The hon. member for Moose Jaw upped that tonight and made it $320. Then the hon. member for Eglinton said that the average family of five paid $1,750. If you multiply 300 by 5 it makes 1,500, not 1,750, so the hon. member was wrong there. Now let us see the per capita position as far as income is concerned. In 1951 the national income was $17 billion, 230 million; the population was 14 million, and the per capita income was $1,231, or $6,155 for a family of five. Let us turn to the Tory regime and listen to them howl. In 1935 the national income was $3 billion, 188 million; the population was 10,800,000 and the per capita income was $295 or $1,475 for a family of five. However, most people look at what they have left for themselves after paying taxes. The average income per family of five in 1951 was $6,155; taxes were $1,500, leaving that family $4,655. Under the Tory regime in 1935 a family of five with an income of $1,475 and taxes of $155 had only $1,320 for themselves. In 1951, after sixteen years of Liberal government the family of five—the Eglinton family, as I call it—have for themselves an income of $4,655, so in spite of what the hon. member says they are better off now than ever before. I would not call this a Hallowe'en budget, as the hon. member called it. Nor would I call it a budget with a false face. I would call it a sunshine budget. I would say the people of Canada have seen the light, that they have seen what a good government can do in reducing the national debt so there will be more sunshine for future Canadians.

Now we will leave the hon. member for Eglinton and talk about the financial critic of the opposition. I sent a note over to the hon. member for Lake Centre (Mr. Diefenbaker) a while ago saying I was going to mention those two members. I am sorry they are not here tonight, but that is their responsibility. At page 1473 of *Hansard* the financial critic quoted Mr. Muir, president of the Royal Bank, as questioning whether the government was justified in raising such huge revenues. As you know, bankers make it their business to lend money. When they see prosperity in Canada getting to the point where people do not have to borrow so much, or can borrow from the government, so the banks make less and less money, naturally any banker in the country will not think that is good business. I would suggest that at this time there be less borrowing by governments, and that we carry our public works program and our social service program through the Bank of Canada, instead of borrowing from the private banks.

Then at page 1478 the financial critic accused the government of debasing or debauching the currency of Canada. Unlike Nelson, who had at least one good eye, the hon. member for Greenwood (Mr. Macdonnell) held his hands over both eyes so he could not see what was going on. I realize the difficulty of the financial critic of the Tory party. He had a terribly hard time finding any justification for criticizing the budget, but he did the best he could under the circumstances.

An hon. Member: Did he write that speech you are reading?

Mr. Sinnott: I have notes in my hand just to refresh my memory. If you would like to come over here and hand them to me it will be all right. On the whole, Mr. Speaker, I think Canadians will regard this government as one that has steadily decreased our national debt.

An hon. Member: Decreased?

Mr. Sinnott: Don't mistake me; I said it had decreased Canada's national debt.

An hon. Member: Since when?

Mr. Sinnott: In the year 1946 when our present Minister of Finance took over, you will recall what I said to him. I told the minister at that time that he should roll up his sleeves and get down to work to see what made the clock tick rather than listen to his financial advisers. Well, Mr. Abbott did that, and I shall show you the record. In 1947, he reduced Canada's national debt by $373,648,000. In 1948 he reduced Canada's debt by $676,119,000. Would the financial critic of the Conservative party say that was wrong? No. In 1949, he reduced it by $595,502,000. Would he say that was wrong? In 1950, he reduced it again by $131,525,000. Would he say that was wrong? Then again in 1951, he reduced it by $211,294,000. If the country had been going behind as it was under the Tory regime from 1930 to 1935, we would have been paying an extra $62 million per year in interest.

I realize that the position of the opposition is a difficult one. They hate to sit back and see the progress and expansion the country is experiencing with the Liberals in the driver's seat. No country in the world has such a record and such a continuous excellent—

Some hon. Members: Oh, oh.

An hon. Member: Try it again.

Mr. Hodgson: Take a third go at it.

Mr. Sinnott: People all over the world envy Canadians. Today 31 out of every hundred people in Britain are striving to get to Canada, but they cannot do it for financial reasons.

Mr. Hodgson: You have not got the proper immigration system set up.

Mr. Sinnott: Compare our country with the United States. Here is a country with 14 million people, while to the south of us there is a country of 156 million people. But when you compare our currency with that of the United States and Britain you find that in 1945 the United States dollar was worth $1.10 in Canada. Today the same United States dollar is worth only 98 cents in Canada. In 1945 the United Kingdom pound was worth $4.02½; today it is only worth $2.75. These are not the values under any artificial standard but out on the free market, not debased, not debauched, and they prove that Canada's is the strongest currency in the world.

I have been amazed, Mr. Speaker, to see press headlines such as "Budget under heavy fire". You will see other headlines in large black type, so that you would think that Canada's future was so dismal Canadians could not exist. What I am going to say now may not be welcomed in some parts of this house, but nevertheless it is true and I think Canadians would like to be told the truth for once. Press correspondents across this country have a duty to inform the people of Canada of the progressive, debt-reducing policy of this government which has relieved from the shoulders of the Canadian people a debt of almost $3 billion in the last five years. This is a record unsurpassed by any government in the world today.

Mr. Hodgson: Whose writing are you reading?

Mr. Sinnott: I am not reading, Mr. Speaker. In conclusion, I would say that I should like to get out on the hustings today and tell Canadians the truth; tell them the way that Canada's national debt has been reduced; tell them how Canada has expanded; tell them of the progress that is being made and how the people in foreign countries are just clamouring to get to this country. They envy the government of this country, and if the truth is told from coast to coast, when the Liberals go to the country and put this program in its true light they do not need to worry about coming back.

Mr. George H. Hees (Broadview): In this budget presented to parliament on April 8, the Minister of Finance (Mr. Abbott) estimated that he would have a surplus of $9 million at the end of the present fiscal year. To anyone who has studied this budget; who has studied conditions in the country today; and who is familiar with this government's method of producing tax reductions in an election year, there is not the slightest doubt that we will end up this year with a surplus at least as great as the one we had at the end of the year just past.

My reasons for saying that are twofold.

First of all, the basic tax rates this year are substantially the same as they were a year ago. Income tax rates are up, and some commodity taxes are down.

Secondly, our gross national production, our gross national income, and our consumer spending, upon which all taxes are levied, are expected to be substantially greater this year than they were last year. I therefore

feel that we may expect tax revenues this year to be considerably above 1951; enough to more than take care of our increased defence expenditure.

In addition to that, Mr. Speaker, when the minister presented his budget on April 8 he said, as recorded on page 1250 of *Hansard*:

> In line with past experience, I expect there will be a shortfall of expenditures below the amount provided by parliament in the appropriation votes.

Therefore, I believe that we can expect approximately the same budget surplus at the end of this year as we had at the end of the year just past. I believe that this fact makes it necessary for us to ask ourselves several questions.

First of all, why does this government find it necessary to overtax the people this year so that it can have a surplus at the end of the fiscal year?

The second question is, is it because next year, 1953, will be an election year, and the government will then be able to make substantial tax reductions, and so attempt to win votes for the Liberal party? What the government is actually doing is taking money out of the people's pockets this year so that they can pay it back to them next year.

In short, under the present government, we have in this country a budgetary system which estimates a surplus of $9 million, but which, in its very structure, provides for revenues in excess of expenditures, which admittedly will fall far short of the requested appropriation votes.

I believe that no reasonably minded Canadian objects to paying taxes necessary to pay for the cost of defence, both at home and in co-operation with our allies abroad. Nor do I believe that reasonably minded Canadians object to bearing the cost of necessary social security measures. However, to implement in this country a budgetary system which overestimates expenditures, and underestimates revenues, resulting in unjust and unwarranted taxation, would constitute in my mind a political fraud which should not be condoned in any democratic country.

In the pre-election budget of 1949, the government announced sweeping tax reductions amounting to $369 million in that year. While the obvious reason for this change of heart by the government in its 1949 budget was the impending general election, the reasons given parliament were as follows:

First, that the increasing flow of goods available for sale to consumers, without higher prices, made these reductions economically feasible;

Second, the expected surplus of revenue over expenditure;

Third, the reduction of $1,600 million made in the public debt since the war;

And fourth, the government felt that most Canadians would support, and even welcome, enlarged measures of tax reduction.

If these reasons for sweeping tax reductions in the pre-election budget of 1949 were valid, then surely they warrant consideration now, when:

First of all, consumer goods are not only available but are stockpiled in clogged inventories;

Second, when revenues will most surely exceed expenditures for the reasons I have given;

Third, when the amount paid off the national debt stands at $2,344 million as against $1,600 million in 1949;

And fourth, because there can be no doubt that the Canadian people would welcome relief from the present excessive and unwarranted high levels of taxation.

I believe that in the light of present conditions, and the relationship which these conditions bear to the government's action in its pre-election budget of 1949, a cyclical budgetary system, governed by elections and political expediency, is unwarranted, is fraudulent, is an affront to parliament, and should be discarded immediately.

Several weeks before this budget was presented to parliament, the house voted unanimously to do away with the four per cent limit on medical expenses as a deductible expense for income tax puposes. There was not one single dissenting voice in this house. However, despite this unanimous voice of parliament, the minister, in his budget address, said that he did not believe that the four per cent limit should be done away with, and so he completely nullified the unanimous voice of parliament.

Mr. Sinclair: Nonsense; you know it is nonsense too.

Mr. Hees: The cabinet is supposed to be the executive of parliament and subject to the wishes of the majority of parliament. But by his action, the Minister of Finance has shown, once again, the contempt in which this cabinet holds parliament, from which it derives its authority.

In conclusion, Mr. Speaker, I say that the minister has presented a budget which insults the intelligence of the average Canadian; a budget which once again overtaxes the people of Canada, so that the government may reduce taxes next year for the purpose of trying to win another election; and is yet another example of the contempt in which

this cabinet holds parliament. I believe it is a budget designed to serve political expediency, and brings government in this country to a new all-time low.

Mr. J. W. Noseworthy (York South): Mr. Speaker, I probably should say at the outset that my speech tonight will not create as much interest among the Liberals particularly as did the speech of my colleague from Moose Jaw (Mr. Thatcher) a few moments ago. I think I should also say that in many respects the hon. member for Moose Jaw was speaking his own opinion, which I think he made clear, and was not expressing the wish or the policy of this group. I do not want to imply—

Mr. Garson: Will the hon. member permit a question? Is he expressing the views of his group?

Mr. Noseworthy: I shall try. This much at least can be said. In this group there is some latitude for the expression of a personal opinion. We are not all forced to say the same thing at all times.

Mr. Lapointe: You have no choice in the matter.

Mr. Noseworthy: I do not want to give the impression that this group does not agree with the hon. member for Moose Jaw to the extent that there is need for careful scrutinizing of government expenditures and the expenditure of many departments of the government. I think the hon. member for Moose Jaw was correct when he said that no private business that approximated to any extent the size of the business that is carried on by the government today would be carried on by the methods followed by the government.

His suggestion that there should be a central purchasing agency, and that there should be a committee of this house set up for the express purpose of scrutinizing government expenditures, as is done in the United States and elsewhere, are suggestions that most members in this house will agree with. At a time when federal, provincial and municipal taxes are taking 33 per cent of our national income, I suggest it does behoove us to scrutinize carefully where there is waste, or where the public is not getting value for the dollars that are collected and spent.

Why I rose was to support the subamendment which was moved by the hon. member for Rosetown-Biggar (Mr. Coldwell) on April 22, and which is found on page 1489 of *Hansard* as follows:

> This house further regrets that the government has ignored the wish of this house, as expressed by a unanimous vote on March 26, that the four per cent floor under medical expenses deductible for income tax purposes should be abolished.

I rise to support that subamendment with a full knowledge of the utter futility of opposition criticism in this house. My experience in this house has been that, constituted as the house is, opposition criticism is absolutely futile. The government just does not condescend to accept, or pay the slightest attention to any criticism that may come from this side of the house, no matter how well founded that criticism may be. I shall give examples of that at a later time.

I think the wish of the house in the unanimous acceptance it gave to the resolution moved by the hon. member for Winnipeg North Centre (Mr. Knowles) on March 26, and to which reference is made in the subamendment, was made quite clear. I do not think there is any doubt on the part of any member that Liberals and opposition members alike wanted not merely consideration of that question, but to have the four per cent floor removed. I do not think there is any doubt about it. I do not think Liberal members who gave their consent to that resolution wanted a mere consideration, without themselves feeling strongly one way or another as to whether the government should accept the resolution, after giving it consideration.

The country feels today that that four per cent floor should be removed. And when the house voted on the resolution, which was worded in the only way in which it could possibly be presented to the house, it expressed its desire to the minister, and indicated that it wanted the four per cent floor removed.

But after giving consideration, the minister chose to ignore the wishes of parliament. That is the point at issue here. The house has no authority to go farther than to recommend for the consideration of the minister any matter affecting the spending of public money. The house gave the minister its opinion in the only way that opinion could be given, and that applied not only to opposition members but also to Liberals.

I am confident that hon. members sitting on the government benches were just as serious in their desire to have the four per cent floor removed as were our members in the opposition. But what happened? We got not the slightest attention to our request; and this would seem to indicate that in this country we have reached a situation where we no longer have government by parliament, but rather government by a cabinet, or by individual members of that cabinet.

After all, I presume members are elected for some purpose. We are sent here to express as well as we can to the government our wishes in respect of legislation coming before the house. We are here to interpret to

the government, so far as we can, the wishes of the people we represent. But in this parliament we have reached the stage where such representations are simply ignored.

No matter how we try, even when Liberal members join with the opposition in trying to impress upon a cabinet minister what they believe the country wants, that cabinet minister can afford to ignore those wishes. I suppose it is too much to expect a Liberal member to oppose a cabinet minister's policy on the floor of the house. There was a time when that was done. I sat in an earlier parliament in which there were any number of Liberal members who were quite ready to stand in their places in the house and criticize policies set forth by the cabinet. But we do not get much of that today. Surely it must be possible for those Liberal members who do not feel free to express opposition to cabinet policy when it is set forth in the house to express such opposition in their own caucuses. I just cannot understand a situation in which every Liberal member in the house on the occasion of the passage of a resolution gives his support to that resolution, and yet will sit in caucus with a minister and permit him to ignore completely the wishes set forth by Liberal and opposition members alike. I should think that, regardless of what Liberal members may do in the house, surely they must be able to influence government policy in their own caucuses.

I certainly hope that, while the minister has indicated in his budget that the four per cent floor is to remain, those Liberal members who supported the resolution in the house will make it quite clear to the minister that they want to have adopted the opinion expressed in the vote on the resolution.

The minister set forth certain objections to eliminating the four per cent floor. He pointed out that originally the legislation was intended to give relief only in exceptional or extraordinary cases of illness. Whatever may have been the original intention of the legislation, the intention of members in the house was quite implicit in the resolution that, regardless of the original intention, we now wanted to have the four per cent floor removed. And, after all, who is to determine what would be considered extraordinary expenses in a case of this kind?

Surely there are tens of thousands of people to whom a hospital bill of $100 is just as great a hardship as a bill of $1,000 or $2,000 to some other citizens. I do not think the minister or anyone else can say that a hospital bill of $100 is just an ordinary affair, and that that is not the kind of burden to which the legislation was intended to apply. The fact remains that this house and the taxpayers of this country, the people who are directly affected by this, expected that when the resolution passed this house it would be implemented in the budget.

The minister's assistant raises the objection that there would be administrative difficulty in checking hospital and medical bills, but I would draw his attention to what is done in the case of donations for charitable purposes. There must be tens of thousands of citizens whose charitable donations are comparatively small, who give $1, $2, or $5 to the Red Cross during its annual drive and who deduct that amount from their taxable income. If it can be done in the one instance, I fail to see why it cannot be done in the other.

There is another instance in which the minister's action is in direct opposition to the wishes of parliament as expressed in the resolution to which I have referred. The minister retained the four per cent floor but he raised the ceiling. My contention is that that raising of the ceiling will not benefit the class of people about whom we were concerned when we asked for consideration of the abolition of the four per cent floor. The raising of the ceiling to $2,000 will benefit the wealthier citizens who can afford to go to the more expensive hospitals and hire the more expensive specialists, but a $2,000 hospital or sickness bill is something that the ordinary workingman just could not contemplate because it would ruin him. The working people of this country are not the ones who are going to benefit by the raising of that ceiling, but it was those people with whom the house was concerned when we asked for consideration of the removal of the floor of four per cent.

I want to turn for a moment to the question of the personal income tax and the budget and discuss the minister's alleged reduction of six per cent in the personal income tax. In my opinion the minister sought to take credit for an actual reduction in income tax. It is true that his statement on page 1254 of *Hansard* is quite explicit, and in order to be fair to the minister I shall read it. He said:

> In other words, the average taxpayer will pay six per cent less than he would otherwise have done under the income tax law as it now stands.

The interpretation which the country took from that statement was that there would be an actual lowering of the income tax this year. I think the minister contributed to that impression when he said, as reported on page 1255:

> I think I should make clear that the reductions in income tax which I have announced will not be sufficient, for most taxpayers, to offset the effect of the old age security tax.

In other words he sought to show the Canadian taxpayer that if by chance he found his 1952 taxes actually higher than his 1951 taxes, the fault lay with the social security tax. The minister succeeded to some extent in spreading that impression throughout the country. For instance, the *U. S. News and World Report* of April 18, page 82, had this to say:

> Canada's personal income tax is being reduced by 6 per cent. For low-income taxpayers, most of the benefit of that cut will be wiped out by a new social security tax that takes effect July 1.

Our own wide-awake Canadian journalists were not slow in seeing through the so-called tax reduction. In the issue of April 26 the editor of *Saturday Night* stated the case quite clearly when he said:

> No one can say that this year's budget was straightforward. The general public must have realized by now that what Mr. Abbott called reductions in income tax are increases over what we paid last year even before you add the social security tax.

That is the actual situation. One would naturally expect that when the minister announced that there was going to be a six per cent reduction in personal income tax this year the man with $2,000 taxable income would pay less in 1952 than he paid in 1951. That is the meaning which ordinary people took out of the statement that taxes were to be reduced six per cent. The actual fact is that even before the two per cent—this year one per cent—social security tax is added the taxpayer actually will pay more in 1952 on the same taxable income than he paid in 1951. A single person whose income was $1,800 in 1951 paid $132 taxes; in 1952, before adding the social security tax, he will pay $140, an increase of $8. A single person with an income of $2,000 paid $165 in 1951. In 1952, before the social security tax is added, he will pay $175, an increase of $10. A man with an income of $5,000 paid $770 in 1951. The same man with the same income will pay $820 in 1952 before the social security tax is added, an increase in 1952 over 1951 of $50. It is not surprising that one of our humorous writers—I think it was Bruce West in the Toronto *Globe and Mail*—wrote an article on the minister's tax reduction and suggested that since the minister by reducing taxes this year is making us pay more taxes then possibly next year he should increase taxes so that we may be paying less. It is quite possible that the skilled magician who is the Minister of Finance (Mr. Abbott) could by a sleight-of-hand trick convince us next year that by increasing taxes he is actually going to reduce them just as this year while supposedly reducing taxes he actually increased them.

I want to deal for a moment with the sales tax. In his budget speech the minister said that in his opinion the sales tax is a fair levy. We believe, and have so stated in the house on many occasions, that even with the exemptions from the sales tax it still bears most heavily on those who are least able to pay. The sales tax ignores one of the basic principles of good taxation. It ignores entirely the principle of taxation according to the ability of the person taxed to pay that tax. I should like to remind the house and the minister that all-told the sales and excise taxes now produce about 30 per cent of Canada's federal income. In the United States, where they have sales taxes and to some extent excise taxes, they raise only 11 per cent of their federal budget by these two means. We have maintained and still maintain that the sales tax is not a good tax, that it is a hidden tax, and that the people in the lower income groups, the people with large families to raise, suffer most from that tax.

On the question of corporation taxes the minister expressed regret that they could not be substantially reduced this year but he held out some hope to the corporations that that result might be achieved in future years. The opinion expressed by the minister was shared by the hon. member for Greenwood (Mr. Macdonnell), the financial critic of the official opposition. Unfortunately, and here I think I can speak for this group, we do not share that concern. I do not feel that the corporations have suffered to any great extent by being overburdened with taxation during the past year. In his budget speech the minister indicated that his own estimate of corporation profits made a year ago was 12 per cent too low, that corporation profits for the year 1950 were 12 per cent higher than the minister estimated in April of 1951.

The minister also indicated that much of his surplus resulted from the fact that he underestimated corporation profits. That would suggest to me at least that these corporations have not suffered by being overtaxed. I notice that the minister estimates an increase of $13 million in corporation taxes for the coming year. If his estimate is as conservative as it was last year, then it is quite evident that the minister expects corporation profits to continue to increase this year as they have been doing every year since the war. Here again I should like to make a comparison between Canada and the United States by reference to the publication to which I have already referred. At page 84 there is the following:

> Corporations, like individuals, are to get a slight reduction in tax rates under the new Canadian budget.

Here I might interject that I sincerely hope the proposed reduction in corporation taxes will not work out the same as the reduction in personal income tax. The writer goes on to say:

> The result will be that, so far as the central government in Canada is concerned, the top effective tax rate on corporations will be 45 per cent. In addition, there are provincial taxes of 5 to 7 per cent. Canada has no excess profits tax, and the new budget proposes none. In the United States corporations pay a regular federal tax of 52 per cent, plus an excess profits tax of 30 per cent. The average federal tax is about 60 per cent. On top of that, 32 states impose relatively small taxes. So the Canadian corporation, by comparison, comes off fairly easily.

The concern expressed by the minister for corporations is not too well founded, and certainly is not shared by this group.

Turning now to the excise tax reductions, I want to say that we welcome such reductions as the minister saw fit to make, particularly in the taxes that were imposed a year ago. Certainly there was a crying need for those reductions. If the reductions did nothing else they showed that the minister is now willing to acknowledge that he made a mistake a year ago in imposing those taxes. Speaker after speaker from all opposition groups tried to point out to the minister when these taxes were being imposed that he was going to injure our economy. Speaker after speaker tried to persuade the minister not to impose those taxes. The budget speech bears witness to the fact that the opposition members were right and the minister was wrong. During the past year those taxes caused pockets of unemployment and brought unnecessary hardship to thousands of Canadian citizens. The minister gives those taxes some credit for halting inflation. Our position, and I think that of all three opposition groups in the house last year, was that these were not the best measures to curb inflation, that other things could be done which would be much less harmful to the Canadian public.

I wanted to say a word or two on the surplus, about which we have heard so much. I suppose the great conundrum arising out of the budget is when a surplus is not a surplus. The big question is just what was the surplus last year. Was it $1,009 million? Was it $722 million? Or was it a mere $356 million? In the government's monthly report at the end of December an interim surplus of $722 million was shown. Then in the budget the minister tells us that he made certain non-budgetary cash outlays from the surplus which totalled $653 million, and that after making those outlays he still had a surplus of $356 million. Well, $356 million plus $653 million paid out in non-budgetary cash outlays totals $1,009 million. So the country is left with the big question: just how large was the actual surplus? Apparently the minister had to do as much juggling with his surplus as he did with the personal income tax.

In conclusion, Mr. Speaker, I think we can agree with hon. members who have already indicated that this budget favours the rich to the disadvantage of the poor. While the hon. member for Greenwood did not express that opinion in those words, he came very close to it; and when the official critic of the Progressive Conservative party feels that a budget is benefiting the well to do at the expense of those in the lower income brackets, I am convinced there must be something in his statement. As a matter of fact the effect of the income tax was very well shown by the hon. member when he pointed out the disparity in the increase this year between those in the lower income groups and those in the higher income groups. That can be found at page 1478 of *Hansard*. In the distribution of the social security tax, as was pointed out by the hon. member for Rosetown-Biggar (Mr. Coldwell) at page 1485 of *Hansard*, we have another example. The sales tax, which bears most heavily upon those in the lower income groups, is to contribute $135 million toward the cost of social security; personal income tax is to contribute $52 million; and the corporation tax $48 million. The fact that some slight relief was given corporations while there was no reduction whatever in the sales tax is one more indication that this government has been getting closer and closer to St. James street and farther and farther away from the common people of this country. The high percentage of the federal revenue raised by sales and personal income taxes indicates that disregard for the interests of the common people and illustrates the lack of sympathy on the part of this government for those in the ordinary walks of life.

Mr. Robert Fair (Battle River): Mr. Speaker, having listened to experts in different lines of business make their contributions to this debate, I almost hesitate to take part in it. Just an hour or so ago we heard quite an address on high finance. I am afraid many of us were not able to take in everything the speaker said, and will have to be enlightened further as the days go by.

This evening I do not intend to give the budget any new name. It has been called so many uncomplimentary things that I do not think it needs another name. It has been very well described by the speakers who have preceded me. Many people were keeping their fingers crossed until April 8 when the Minister of Finance (Mr. Abbott) delivered his budget. Many people hesitated to buy things such as automobiles and other necessary equipment, feeling that some reduction

in taxes would be made. In particular, many people all across the country were hoping against hope for a reduction in the income tax levies. Taxation, of course, is just one of the headaches that the people have been suffering from for eleven or twelve years.

We have been paying exceedingly heavy income taxes. When the war ceased people thought that they would be granted some relief from the high levies of 1945, but we found we had to prepare for another defensive war. Some people call it policing, but after all it is actual war. The people did not even have a short breathing spell until heavier taxes were again levied. As a result of the preparations for this defensive war which have been going on for some time we have drifted into a false state of prosperity about which the supporters of the present government are boasting, perhaps for political reasons and because of the expected election in 1953. But when people have to point to war, whether all-out or defensive, as a means of bringing about prosperity, then I think they should get off their high-horse and get back to sound thinking about peacetime prosperity and peacetime living. They should not be boosting the policies of their government.

As a result of this false prosperity we have a shortage of building material. Many of our men and women across the country, and the city of Ottawa is no exception, are suffering from a shortage of houses. They are suffering from a shortage of cash and credit by means of which they could provide themselves with these houses. We find that within the last day or two even in this city some of the officials have been asking the service clubs to take the lead in providing houses. I believe that conditions are becoming very poor when such events occur. On the 6th of this month I listened to a sermon by the minister of St. John's church in which he described very well what is happening today. Had he gone all the way and said what he should have said on that occasion perhaps he would have offended some of his parishioners who are supporters of this government, but he did say that because of the shortage of houses families of five or six people were compelled to live in one room. In many cases six, seven or eight families are compelled to use one bathroom. In my opinion such conditions should not exist. Had the government looked after its business as well as it has looked after some other things, such conditions would not occur.

Even after all these events, on the 17th of last month we found that we still had 337,000 unemployed. This is something of which the country should not be very proud. As I stated a moment ago, there are people who still want homes and many other things, yet we have this number of unemployed and some unused materials. In addition to these hardships, in the budget brought down by the minister on April 8, we have some added crippling taxation. The minister thought he would give us some good news and led the people to believe that there would be a decrease of six per cent in personal income taxes. Of course, that is not true. Without going to the trouble of preparing a set of figures of my own, I shall read once again the figures put on the record by the hon. member for Peace River (Mr. Low) on Tuesday last. I think it is a good thing for the members to realize what is happening. These figures can be found on page 1490 of *Hansard* for April 22, 1952. The hon. member said:

> Let us take into consideration married persons without children, those in that category. If the taxable income—that is, after the deduction of their $2,000 exemption—is $250, the 1951 tax is shown as $42; the 1952 tax is $44 plus the old age security levy of $2.50. This is an increase of $4.50 and a percentage increase of 10-7/10 per cent. If the taxable income is $1,000, the 1951 tax was $165; the 1952 tax, $175; the old age security levy, $10. The increase in 1952 over 1951 is $20, and that is a percentage increase of 12-1/10 per cent. If the taxable income is $3,000, then the 1951 tax was $561; the 1952 tax, $596, the old age security levy, $30; the increase in 1952 over 1951 is $65 or 11·6 per cent increase. If the taxable income is $8,000, the tax for 1951 was $1,826; the 1952 tax, $1,946; the old age security levy is $30, which is the ceiling for the old age security levy this year. That is an increase of $150 for 1952 over 1951, which would be a percentage increase of 8·2 per cent. Then if you jump up to the $98,000 taxable income category, $58,370 was the 1951 tax; the 1952 tax will be $61,220; the old age security levy, $30. The total increase for 1952 over 1951 would be $2,820 or a 4-9/10 per cent increase.

I do not need to go further, Mr. Speaker, because the figures I have given will show that instead of a policy of soaking the rich, which is advocated by some people, the policy of the Minister of Finance is to soak the poor, the people who can least afford to pay.

Turning to some of the other taxes, we have the excise tax which was increased last year from 15 to 25 per cent on certain commodities. In this year's budget it was put back to the original 15 per cent. In my opinion that tax should never have been levied. This opinion was expressed on many occasions during the discussion of the 1951 budget, but the minister would not make the required changes. Figures which I placed on the record on March 7 last when I spoke on the address in reply to the speech from the throne show that production of certain commodities has decreased, and the minister collected much less revenue than he would have collected if the tax had not been levied. In addition to that, unemployment increased and as a result of the unemployment many families had to go without things that their

unemployed breadwinner should have been able to supply. We are wondering whether these tax reductions will be passed on to the consumer. Many people say they are not and from the prices quoted for different commodities I believe they have not been passed on. I wonder what the government is doing in this connection. If the benefits of the tax cut are not being passed on, then I believe that the suggestion made by the hon. member for Charlotte (Mr. Stuart) some weeks ago should be adopted; that is, that the government should cut the tariff on many of the goods that are bearing a high tariff today, and let our manufacturers bring their profits down to some extent as well as passing on the benefits to the consumer.

Some mention was made of the drop in the cost-of-living index. Here again let me point out that according to an article in the Ottawa *Journal* of April 4 under the heading: "Mostly due to meat price cuts." the decrease in the cost-of-living index was due to decrease in the price of farm products. This is what the editorial said:

Index shows decline for second consecutive month.

The cost-of-living index during February declined by 1·7 points to 189·1 from 190·8, the bureau of statistics reported today.

The second consecutive monthly decline in the prices barometer, based on 1935-39 prices equalling 100, was sparked mostly by a drop in meat prices, the bureau said.

It was the biggest drop since December, 1942, when the index also declined by 1·7 points. The February decline followed a drop of seven-tenths of a point during January.

Meats declined along with eggs, oranges, cabbages, topcoats and men's suits. These overbalanced increases for rent, furniture, dishes, hardware, floor coverings, telephone rates in eastern Canada, domestic coal and health and personal care, along with newspapers and theatre admissions.

I am bringing this in for the purpose of showing that we are getting a cut in the cost of living at the expense of our people on the farms. You will find that practically all of the items that have been reduced are products of the farm; while those that have been increased are products of secondary industry. I feel that government policy at the present time is stacked against the farmer. Farm prices come down, while the cost of the goods the farmer has to buy in order to produce continually climb. We have, for instance, the international wheat agreement. In connection with that, when the first speaker after eight o'clock was on his feet, somebody across the way butted in with the remark of $65 million paid to the wheat growers of the west. I want to tell those who are interested in that question that in addition to the $65 million paid to the farmers they had a net loss of no less than $504 million on the British wheat agreement and on the cheap wheat supplied so that Canadians could eat cheap bread during the 1946-49 crop years. As a result of the international wheat agreement and cheap bread still being provided to our Canadian consumers, further losses are continuing. One of these days I intend to put these on the record.

While the prices of everything that the farmer has to buy are increasing, we find that provision is made in the international wheat agreement, which will conclude at the end of July, 1953, for the floor price to drop 10 cents per bushel per year, and there is a constant top price of $1.80. At the present time, as all hon. members are aware, or should be aware, the Canadian consumers are eating bread baked from wheat sold to the Canadian millers at the same price as that sold under the international wheat agreement. Why that should be I cannot understand. Government policy, however, is to continue that program, and they have not given any justification for that.

In connection with the new international wheat agreement that is being negotiated in London at the present time, I am not sure whether it will be in the interests of our farmers unless a proposal somewhat similar to that which was put forward by the hon. member for Acadia (Mr. Quelch) when the original international wheat agreement was being discussed is made use of. It will be noted that at that time there was the ceiling price and a decreasing floor price placed on our wheat without for one moment taking into consideration the price of the things that the farmer has to buy in order to produce that wheat. The suggestion was made by the hon. member for Acadia and when the Minister of Trade and Commerce (Mr. Howe) said that it was impossible to find any method by which it could be done, the hon. member for Acadia pointed out to him that the international monetary fund had all of the figures required upon which to base a reasonable agreement.

The policy of supplying cheap wheat to our Canadian people all across the country is one other method of picking the pockets of the Canadian wheat growers, and only the prairie wheat growers, some 232,000 of them, during recent years. Then we have the price of beef. Some people are complaining about that. While the price of good cattle is fixed today at 25 cents at Toronto, that is 3½ cents below the proposal made by the farm organizations of western Canada. It must be remembered that during recent months many people who are today feeding these cattle paid from 30 cents to 33 cents a pound for them. In addition to the outbreak of foot-and-mouth disease we have this other disaster of a drastic cut in prices, which will

discourage the feeding of these cattle in the future. People perhaps realize that they never miss the water until the well runs dry. You will never realize the injustice you are doing to the producers of livestock until you run short of meat, and then you will suddenly wake up and find out.

The floor price for pork is fixed at $26 at Toronto and Montreal and $24.50 at Winnipeg, but that is nothing to brag about in comparison with the cost of raising hogs at the present time. In my opinion it should have been $28 per hundred, and provision made, which is not made today, for compelling the packers to pay on the basis of the price set by the government.

Then, again, in the case of butter we have a floor price which is guaranteed only to the parties who pack that butter, and the producer is left out in the cold and at the mercy of the purchasers of his commodity. In the case of eggs there is a floor of 38 cents a dozen. Again that is not being paid to the producer, but is a guarantee only to the parties who pack them and have them at the end of the egg season.

For many weeks we have had the cheese producers coming to the government with their plea, with their briefs, to have something done about a floor price for cheese; but up to the present time nothing whatever has been done. Only on Monday we had a question asked of the Minister of Agriculture (Mr. Gardiner) and his reply was that they were watching the situation, or words to that effect. I feel sure that some ways could be devised to provide prices which would benefit the producer rather than the other parties, namely the packers and others in that line of business.

Many of our daily papers are helping to continue to deceive the people of Canada with regard to our agricultural industry. I am glad that we have some weekly newspapers published in farming districts that have a much better grasp of the situation and that are willing to learn things from firsthand experience. Of course those fellows behind the desks in the city editorial rooms would not even think of studying agriculture. That is much too easy at the present time. Perhaps it is like what the banking industry used to be some time ago. Many people felt that if there was a dumb member of the family they had to put him on the farm in order that he could make a living, but today we find in editorial chairs, in the banks, and in other places, many of those dumb members of families. They are placed there so that they can make a living. That will explain the reasons for some of the stupid editorials we see in our newspapers.

I have here, however, an editorial from the Wainwright *Star-Chronicle*, which is a weekly newspaper, and a very useful one, printed in my constituency. It has been circulated for a number of years. Some time ago when people were discussing the butter question, and the high prices paid for butter, this editorial appeared:

> Some of our daily publications seem to be rather badly troubled about the farmer getting too much money for his butter, and failing to co-operate with his market, the consumer, in providing an adequate supply of this product. Sometimes we think it might be a good idea if those who protest that the farmer or the dairyman is making money too easily were required to do a stint of duty on the farm. While we must admit that the price of livestock has been very satisfactory of late—

And I might add that this was written before the outbreak of the foot-and-mouth disease was made known.

> —and dairy products prices have been at a more satisfactory level, we feel that until prices for farm products are such that the farmer can work a forty-hour week and can pay something approaching union scale wages to his help for a union week, we have not been called upon to give the farmer a much greater reward for his effort than is his due.
>
> It appears to us that there are a lot of other trades which have upped their prices quite a lot more than the farmers, and who, if and when they wish, practise "scarcity" marketing.
>
> We're all behind the farmer.

I might say that the purpose of many people being behind the farmer is so that they can boot him good and hard.

> He works so hard, he works so long and he gets so little, may be somewhat of an exaggeration, but there is no doubt that when one considers the amount of work he does, the extreme uncertainty of his cash rewards, and the ever growing cost of operation, he is not the most overpaid citizen in Alberta.

Only this morning I noticed in the Ottawa *Citizen* that authority has been given to the steel producers in the United States to increase their price to the extent of $3 per ton. We import large quantities of steel from that country, and I would expect that in the very near future we will have another increase in the price of farm machinery.

When I spoke in the debate on the address in reply, on March 7, I advocated that something be done about setting up a royal commission to investigate farm machinery prices. Away back in 1937 or 1938 a similar investigation was held in the House of Commons, and the figures brought out at that time showed that almost 70 per cent of the machinery manufactured in Canada went to the farmers of the west. So that when the statement was made some time ago by a member of the house that the west was

opened up for the benefit of central Canada, I suggest it was a correct statement, and that its truth is proved by those figures.

In my opinion farm machinery prices today are much too high, and in a moment or two I hope to place upon the record figures showing those prices. Apparently farm machinery manufacturers feel that the goose is laying the golden egg, and at least some of them are not allowing their agents to cash in on the increased prices. Some time ago a percentage was paid, but I understand that at the moment the agent collects a stipulated amount for each unit sale he makes. Those commissions have not kept pace with recent price increases. Many of them are protesting, and I should not be surprised if in the near future some action were taken by those agents.

In the Alberta wheat pool budget, under the heading, "The Cost of Farming", we find some interesting information. This is the issue of April 11, 1952, only a short time ago. It states:

> The cost of goods and services used by farmers in western Canada is considerably more than double that of the prewar years. In January the index figure stood at 223·5. By way of comparison, the cost of living index for all of Canada that month was 191·5. In both cases the base period of 1935-39 equals 100.
>
> The index of commodities and services used by farmers in western Canada, and farm living costs, during the month of January was reported by the dominion bureau of statistics as follows:

	Index number
Composite index, excluding living costs	227·3
Equipment and materials	217·3
Farm machinery	196·4
Building materials	332·5
Gasoline, oil and grease	137·8
Feed	252·6
Fertilizer	161·8
Binder twine	448·3

I might say that one of the dealers told me recently that the price of binder twine would be up another $4 per hundredweight for the 1952 crop year. Then it continues:

	Index number
Seed	248·7
Hardware	208·8
Taxes and interest rates	159·7
Farm wages	382·4

Let me say that that is one of the items of farm expense that should have been increased, because farm workers were working at wages far below what they should have been receiving, when compared with the wages paid in other industries. Then it continues:

	Index number
Farm family living costs	217·8
Composite index, including living costs	223·5

Those figures should suffice to show that farming costs have increased drastically, while the prices of products the farmer sells have been static or, in many cases, reduced during recent months. I am not going to say more about agriculture at the present time, because I have only a limited time at my disposal.

There is one other matter however about which I should like to speak. I am referring to the physically incapacitated persons in Canada. I felt that at this session we would have an opportunity to discuss this matter, because at the opening of the session I believe the second item on the list of notices of motions was one in the name of the hon. member for Fort William (Mr. McIvor) in these words:

> That, in the opinion of this house, the government should consider the advisability of co-operating with the provincial governments for the purpose of providing pensions, equal to old age pensions, for all those who are incapacitated and unable to earn their living, regardless of age.

I was surprised to note that, for some mysterious reason, the resolution was dropped. Then during the last day or so, we find a resolution worded in exactly the same way appearing almost at the bottom of the list of notices of motion. I would expect therefore that we would not be able to have an opportunity to discuss the motion or to have a vote upon it at the present session.

On many occasions during the last few years inquiries have been made as to what the government intended to do for those who are incapacitated. Up to the present time we have not had much satisfaction. The hon. member for Fort William did make his speech in the budget debate a couple of days ago, upon which occasion he made reference to physically incapacitated persons, and brought out many good points with which I could heartily agree. The only trouble however is that in spite of all the praise he has given each and every cabinet minister who comes before the house, we have not yet received from the Minister of National Health and Welfare (Mr. Martin) any legislation to provide those pensions so sincerely sought by so many members in the house. I am surprised that these pensions have not been provided for. I understand that last year we had a national production of $21,200 million and we also had a surplus of several hundred million dollars. On April 15 the Minister of National Health and Welfare (Mr. Martin) spoke to the Western Ontario Liberal Association, and I quote from a report in the Ottawa *Citizen* of April 16, as follows:

> Although taxes are unusually high for a peacetime budget, people of Canada never were better off and prosperity is at its highest peak, Hon. Paul Martin, Minister of Health and Welfare, said Monday.

Speaking before the annual meeting of the Western Ontario Liberal Association, he said the government was faced with the "grave situation of preparing a defence system for Canada and had no alternative but to keep taxes high.

Freedom must be bought and this country is spending two billion dollars this year to see Canadians remain free."

Despite the heavy levy, Mr. Martin said Canadians and the nation never were so prosperous.

If we are so prosperous, why in the world does not the government put into effect a pension policy for those who are unable to help themselves? Is there a deliberate holding up of this legislation until perhaps next year when many of us expect an election and when it can be used as another bribe to get votes so that the government can be returned to power? The minister continued:

Labour income and investment is at a record high and on a per capita basis Canada leads the world in international trade.

Perhaps if the people of Canada had the means with which to purchase their requirements we would not have so much for export. Much of the exports about which the Minister of National Health and Welfare was boasting are being made to our potential enemies in the form of bullets and other things that go with a war, defensive or otherwise. The minister went on:

Canada has been referred to in world circles as being the land of great promise and excellent government.

Perhaps that should have been changed a little bit so as to read: "Canada has been referred to in world circles as being an excellent country with a government of great promises".

As one example of this, the Minister of Finance promised Canadians a decrease of six per cent in their income tax whereas we find in fact these taxes will be increased from eight to twelve per cent in the low income brackets. That is not good enough. I think the people of Canada are wakening up to what is happening.

The world at large is in need of greater food production and we have the potential means of producing food in great abundance. But when you speak to farmers about this many say, "What is the use? If we produce more crops there are no markets for them and even if we do get a chance to sell our products the government comes along with its income tax legislation and takes our money. So why bother?"

If we had a financial policy that would work in the interests of the common people, that would make it possible for every family to have a decent home and enjoy a decent standard of living, then I think we would have much greater production than we have at the present time. There would be less need for worry and war. Social credit can provide that policy if the government will only make use of it.

Mr. J. J. Smith (Moose Mountain): Mr. Speaker, in rising to take part in this debate I want first to compliment the hon. member for Moose Jaw (Mr. Thatcher) upon the address he made this evening and the courage he displayed. I do not agree with everything he had to say, but I think it was an honest speech. If there were more members in this house with the courage of the hon. member for Moose Jaw I think it would be of benefit to parliament. I have often wondered where we would be heading if a socialist government was elected in Canada, but if we had the hon. member for Moose Jaw as the Minister of Finance possibly they would not put us altogether on the rocks.

I have a few matters to deal with, but first I should like to refer to the budget. Many things have been said about the budget and while I think there is in it really nothing to cheer about, at the same time there is nothing to cry about. I think the people of Canada got pretty well what they expected from the budget. Speaking for the people of my constituency, I think it is just about what they expected. I think Canadians generally realize that you cannot play both ends against the middle. If you are going to have additional services, public works and so on, you must have high taxes. The hon. member for Moose Jaw pointed that out very clearly.

Many illustrations have been given since this debate began of just what this budget means to the Canadian taxpayer. I am going to repeat an illustration which has been used on two occasions by the hon. member for Rosetown-Biggar (Mr. Coldwell) and the hon. member for Coast-Capilano (Mr. Sinclair). The parliamentary assistant to the Minister of Finance is reported on page 1526 of *Hansard* of April 23 as having said:

I shall use the example the hon. member for Rosetown-Biggar used yesterday, the simple case of the married man with an income of $3,000. He has an exemption of $2,000. His first $1,000 of taxable income in 1950 was taxed at the rate of 15 per cent, and in 1950 he paid $150.

And again:

Therefore while in 1950 he paid $150, he paid $165 in 1951.

That individual had an increase of $15 per year in his income tax. Let us assume that that man is going to buy a small automobile. As a result of the budget, he will save $150 because of the reduced taxes on that automobile. If he were to buy an electric stove he would save $50 on the cheaper type. If he were to pay this additional $15 income

tax for the next ten years he would save it on the purchase of one automobile.

I want at this time to thank the Minister of Finance (Mr. Abbott) for the decreases in the taxes on automobiles. When I spoke before the Easter recess I suggested that the taxes on automobiles should be eliminated entirely. This is a start, however, and as budgets go on in the future I hope that the taxes on automobiles will be eliminated entirely. I said at that time that I thought the automobile industry of Canada had grown up. I still think so, and if it were given a chance to stand on its own feet I think it could compete with that industry in other countries.

I want to refer to the price of farm machinery. The other day the hon. member for Rosetown-Biggar (Mr. Coldwell) spoke about the prices of machinery in Canada and compared those prices with what the farmer gets for his products. He suggested that a committee or commission should be appointed to investigate the price of machinery. I agree with the hon. member, although I do not agree that we should start in where the Saskatchewan government left off. In Saskatchewan a committee was set up in February by the provincial government to investigate the price of farm machinery. I said publicly at the time in Saskatchewan that it was nothing but a smokescreen, a snowman that would melt in the March sun, and it has already done so. The reason it has done so is that even if there was a combine or cartel existing in the machinery industry there is not a province in the Dominion of Canada that could do anything about it.

The hon. member for Rosetown-Biggar referred to the fact that some of the companies would not give the Saskatchewan committee all the information they wanted. I am sure he was not surprised. Why should they? What could the provincial government do if they did find the price of machinery was too high? If the hon. member for Rosetown-Biggar was sincere—and I am sure he was— I think he could have joined with me when less than six months ago I brought up the same subject in the house. He did not see fit to do so but I will join with him now. However, let us leave the Saskatchewan committee out of it. Personally I think it was only set up for political reasons and, as I stated before, it was only a snowman and has already melted. On October 19, 1951, in speaking in the house I referred to an address made the day before by the hon. member for Coast-Capilano (Mr. Sinclair) and I quoted a part of his speech. I am going to quote it again. I said, as found at page 228 of *Hansard* for that date:

> Let us see what the hon. member for Coast-Capilano had to say yesterday. As reported at page 162 of *Hansard* he said:
>
> "I learned a good deal this summer about combines, cartels and monopolies—indeed this has been a very beneficial summer for me—at the United Nations. If there is one country in the world which has tried to wipe out cartels, combines and business monopolies, it has been the United States of America—and this goes away back to Teddy Roosevelt's time. The Americans have found that no matter how they attacked the problem of monopolies, combines and trusts in their own country, international cartels have to be attacked internationally. With that in mind they put forward a resolution before the United Nations to have an international commission which would deal internationally with cartels beyond the reach of any individual government. I, as the Canadian representative, was glad to second that resolution."

At that time I went on to say:

> I have read that to the house to show that so far as machinery is concerned, if these things do exist within the machinery industry, there is nothing that this government can do alone, but it certainly can do something in co-operation with the United States.

Therefore I suggest that when the government of Saskatchewan set up their committee last February they must have known perfectly well that if there was anything wrong with the price of machinery there was nothing they could do about it. Nevertheless I will join with any member from any part of the house who urges the government—and I already have once—to investigate the machinery industry in Canada. However, I want to be fair. As farmers we have been complaining about the price of machinery rising since 1946. I have an article in my hand from the Winnipeg *Free Press*. I have also seen the same statement in *Maclean's* magazine and I have not heard or seen it refuted. The heading is, "Farm tools up only 66 per cent in ten years". The article reads:

> The increase in retail prices of other commodities since 1941 has far exceeded that of farm machinery, G. A. McMillan of Toronto, Canadian sales manager for Massey-Harris Company Limited, told the *Free Press*, Friday. In Winnipeg to confer with sales representatives for Manitoba and eastern Saskatchewan, Mr. McMillan said farm machinery prices have risen only 66 per cent in the ten-year period. But the cost of raw materials is up about 98 per cent and hourly wage rates had risen by 158 per cent. Mr. McMillan said the Massey-Harris Company had spent about $34 million—most of it in Canada—enlarging its operation since 1941. A $225,000 depot had been erected in Winnipeg.

I hold no brief for the machine companies but I want to be fair, and if that is the case —and I have not heard anyone refute it—then if they are making excess profits they certainly have not been making as much since 1946 up to the present time as they were prior to that. That is all I am going to say about farm machinery at the moment.

I want to speak for a few moments about the South Saskatchewan dam. At the outset I want to say that as far as I personally and the people of my constituency are concerned we will not benefit any more from the Saskatchewan dam than will the constituencies of Manitoba. I could use the constituency of Souris as an example. I think the hon. member for Souris (Mr. Ross) will agree with me. I think he knows my constituency about as well as I know his, and I think his constituency will not benefit any more than mine. I hope that before too long we can get on with the job. I do not often quote editorials but I have one here to which I should like to refer. It is taken from a farm paper, the *Western Producer* of April 10, 1952. It deals with the debate that went on in the Saskatchewan legislature this winter with respect to the dam. It reads in part:

> When the subject was debated in the Saskatchewan legislative assembly it seemed at times that anybody who dared to cast doubts on its soundness was regarded as no better than a traitor. The main thing appeared to be to get on with the job—start spending the money. Surely those who are convinced of the feasibility and soundness of the scheme should welcome full investigation. This is far too big a thing to monkey around with or with which to play petty politics.

I wholeheartedly agree with that statement. It continues:

> Surely no one wants western agriculture to be saddled with a white elephant for which it will take generations to pay. On the other hand, if the practical value of the proposition is determined beyond reasonable doubt, no one need fear that it will be proceeded with against any opposition. It may be doubted whether the performances put on by those legislators in Regina who seemed more interested in playing politics than in building dams will be helpful.

Well, I hope we in this house will not play politics with that dam. Last fall the government decided to appoint a commission to take one more look at the project, but I do not believe it has been able to make a report as yet. I hope that may be done in the very near future. Within the last day or so, however, I have learned from very reliable sources that this commission is holding meetings in western Canada, one in Lethbridge and one in Winnipeg. I should like to know why a commission needs to go to Winnipeg or Lethbridge to decide whether it is feasible to build a dam in Saskatchewan. I am sure that when the St. Mary's dam was being considered there were no meetings held in Saskatchewan to decide whether or not a dam should be built in Alberta. It may have been necessary for the commission to go to Saskatchewan to decide upon the feasibility of this undertaking. I would not object to that, but I do criticize it for this delay. To me that is a lot of nonsense, and I hope those in the government who are looking after this matter will see that they get down to work and give us a report yes or no.

One other matter I want to mention briefly is the damp grain in western Canada. It is not too often that I give bouquets to the government on the floor of this house. I do that in my constituency, and very successfully, I may say. However, I want to tell the Minister of Trade and Commerce (Mr. Howe) that we appreciate the way this grain has been handled, and I think that goes for those hon. members who do not support the government. I understand the grain is being moved with very little danger of spoiling, and we do appreciate that very much.

Mr. Macdonnell (Greenwood): The sun helped too, did it not?

Mr. Smith (Moose Mountain): The sun did not help very much. In conclusion I want to refer again to redistribution, and what is going to happen in western Canada. When the Prime Minister (Mr. St. Laurent) presented his bill I asked, for the information of those who were opposed to it, what could be done so that Saskatchewan would not lose five seats, 25 per cent of its representation. The Prime Minister looked at me with a smile and said it would be necessary to amend the constitution; that that was a big order, but it would be given consideration. Well, it has been given consideration, and it seems that we will lose three seats instead of five.

I want to tell the Prime Minister and members of the government that we greatly appreciate this consideration. The job may have been big but it looks as though it will be done. I think all hon. members from Saskatchewan, including the hon. member for Lake Centre (Mr. Diefenbaker) and those of the C.C.F. party, will join me in thanking the Prime Minister. Perhaps I should go further and thank all hon. members, from the maritime provinces, the central provinces, Manitoba and British Columbia for their kind consideration in this regard.

That is all I have to say at this time, Mr. Speaker. No doubt there will be other opportunities to speak in this debate, though I do not believe I will do so unless I am provoked into it.

On motion of Mr. Tustin the debate was adjourned.

ST. LAWRENCE WATERWAY

REFERENCE TO ARTICLE IN TORONTO "STAR" OF APRIL 23

Hon. Lionel Chevrier (Minister of Transport): On a question of privilege, Mr. Speaker, I wish to refer to a press clipping from the

Toronto *Daily Star* of April 23, 1952, which was brought to my attention late this afternoon. The heading is "Canada to push seaway, ignore U.S.—Chevrier." The body of the article goes on to say:

> Ottawa, April 23—Canada is going to push ahead with her plans for the all-Canadian St. Lawrence seaway and joint Canadian-U.S. power project just as if the U.S. Senate wasn't considering U.S. participation in the seaway, Hon. Lionel Chevrier, Minister of Transport, said today.
>
> He was commenting on developments in the U.S. capital, where a senate committee reported the project to the Senate but without giving it a priority rating for consideration.
>
> "We are going to continue to press for a joint application to the international joint committee and if something does happen to make it possible for the U.S. to participate on the basis of the 1941 agreement we will be all set to proceed with that," Mr. Chevrier said.

In the first place, Mr. Speaker, I made no such statement as that attributed to me in the title, and the statements carried in the body of the article are not fully accurate. When I was asked by the correspondent of the *Star* over the telephone for my comments on the decision of the foreign relations committee of the Senate of the United States to refer the long-debated 1941 agreement to the floor of that body, I stated that Canada was going to press forward as strongly as it could for the all-Canadian seaway and the joint Canadian-United States power project by co-operation with the United States in filing an application to the international joint commission. I added that if meanwhile the United States congress approved of the 1941 agreement, Canada would be ready to proceed with the seaway on the basis of that agreement.

A headline such as this does me an injustice and the St. Lawrence waterway project a disservice. I have repeatedly taken the position both in and out of this house that the Canadian government favours the 1941 agreement but that it could not wait indefinitely. As an alternative it was developing the all-Canadian seaway. I hasten to add that I am led to believe that the correspondent reporting this statement is not himself responsible for the heading of it, but that does not detract from the harm and injury a statement such as this could do, particularly if it got any circulation in the United States. For that reason I felt that a correction should be made without delay.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we will continue the budget debate.

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

HOUSE OF COMMONS

Friday, April 25, 1952

The house met at three o'clock.

HIGHWAYS

NIPAWIN-FLIN FLON, MAN.

Hon. Robert H. Winters (Minister of Resources and Development): On April 7, 1952, as indicated in *Hansard* at page 1163, the hon. member for Mackenzie (Mr. Ferrie) requested me to table the correspondence between the government of the province of Saskatchewan and the federal government with regard to No. 35 highway from Nipawin to Flin Flon in the years 1951 and 1952.

There has been no correspondence during this period on the highway from Nipawin to Flin Flon as such, but there has been an exchange of correspondence on that portion of the road between Flin Flon and Denare Beach.

I beg leave to table this correspondence.

FOREIGN EXCHANGE

AMOUNTS AUTHORIZED TO BE PURCHASED OR ACQUIRED AS AT DECEMBER 31, 1951

Mr. James Sinclair (Parliamentary Assistant to the Minister of Finance): I beg leave, on behalf of the Minister of Finance (Mr. Abbott), to table a return showing the amounts authorized as at December 31, 1951, by the governor in council of foreign currencies other than United States currency, to be purchased or acquired, with moneys in the exchange fund account: (a) £15 million sterling, and (b) the equivalent of $500,000 in Canadian currency each in the case of all foreign currencies; also the amount of advances to the exchange fund account out of unappropriated moneys in the consolidated revenue fund outstanding at December 31, 1951: $1,880 million.

TRANS-CANADA HIGHWAY

CORRESPONDENCE BETWEEN DOMINION GOVERNMENT AND BRITISH COLUMBIA

Hon. Robert H. Winters (Minister of Resources and Development): I beg leave to table parliamentary return No. 18, moved by Mr. Fulton, correspondence exchanged between the dominion government and the government of the province of British Columbia concerning the trans-Canada highway agreement and regarding the removal of tolls.

I might say here, Mr. Speaker, that there have been some exchanges with respect to various details which are not included in this correspondence because of the relatively large amount of work involved in reproducing the documents. I have, however, spoken to the hon. member on this point and I believe he will find in the correspondence I am now tabling all the information he requires.

AGREEMENT WITH PROVINCE OF NOVA SCOTIA

On the orders of the day:

Mr. P. C. Black (Cumberland): I should like to direct a question to the Minister of Resources and Development. Is any headway being made in the matter of entering into an agreement with the province of Nova Scotia for the construction of the trans-Canada highway through Nova Scotia and Cape Breton island?

Hon. Robert H. Winters (Minister of Resources and Development): I have had discussions recently with the minister of highways and public works for Nova Scotia. I can report only that I believe the government of Nova Scotia is giving favourable consideration to signing an agreement.

DOMINION DRAMA FESTIVAL

INQUIRY AS TO FEDERAL ASSISTANCE

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): I should like to direct a question to the Prime Minister. Will the government give immediate consideration to giving financial support to the dominion drama festival in accordance with the suggestion made by the Massey commission? I am asking this because of reported offers of sponsorship which many people consider to be undesirable.

Right Hon. L. S. St. Laurent (Prime Minister): The government has been giving, and is giving, consideration to all the recommendations in the Massey report, and as policy is formulated with respect to them it has been, and will continue to be, announced. But the hon. member knows that it has not been the custom to announce policy of that kind in reply to questions in the house.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Thursday, April 24, consideration of the motion of Hon. Douglas Abbott (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Macdonnell (Greenwood), and the amendment to the amendment of Mr. Coldwell.

Mr. W. G. Blair (Lanark): Mr. Speaker, the debate on the budget affords me an opportunity to bring to the attention of this house the serious situation which is now threatening the stability and welfare of the entire dairy industry. Matters of grave concern have now reached a crucial point, and for that reason it is urgent that a review be made of the position of this industry which is so important in our Canadian economy.

In this same debate a year ago I pointed out dangers threatening the prosperity of this industry, which since that time have contributed to a situation which demands prompt action on the part of the government.

Dairying is one of the most important industries in Canada, and provides two million Canadians with either all or part of their livelihood. This number includes those who are engaged in production, processing and distribution, as well as supplying equipment and various services. Of the farm population in Canada, 450,000 farmers are dependent on receipts from the dairy industry as a source of income. It contributes more than $600 million to our national commerce. A large area of Canada is peculiarly suited to this form of farming. On many of these farms dairying is the only type of farming that will provide sufficient cash income to maintain families. If the dairy industry is not prosperous, then these farms will be abandoned. Many of these farmers are in districts some distance from other milk markets, which limits their production to either cheese or butter.

Not only is it an important branch of agriculture, but it is an industry which is important to mixed farming. Conservation of soil is dependent to a large degree on a healthy dairy and livestock industry. The upkeep of dairy herds is one of the most important factors in soil conservation and fertility maintenance.

There is a great lack of understanding between the consumer public and those engaged in the industry. It is a year-round business providing considerable employment for hired labour and a cash return throughout the year. It is not generally realized that it requires years of labour to build up a good dairy herd, and long hours of work to secure high production. It is an expensive proposition, as the purchase price of a good dairy stock and upkeep of barns and silos requires considerable outlay of cash. It is an industry of long hours, as cows must be tended and milked twice daily through seven days in the week, and there is added to this work the care of milk in order that it may reach the market in a satisfactory condition. When prices are high, consumers are more conscious of food prices, and there is an inclination on their part to blame rising costs on the farmers.

Some seem to forget that the dairy farmer begins his work early in the morning and finishes late at night for six days, with another four hours on Sunday. On the basis of a 12-hour day—and many farmers work over this time—with four hours additional on Sunday, the total amount of time adds up approximately to a 75-hour week. There is no arrangement made for overtime in this industry. These actual facts as to food costs and the price received by farmers for their products should be considered. Dairy farmers to the number of 450,000, together with their families, and all the people from whom they buy, consume large amounts of manufactured products. If the income of this large group is so reduced that their buying power is impaired, it will have a marked effect on the manufacturing industry.

A comparison of prices between the years 1939 and 1951 is interesting. In 1939 it took the average man 15·6 minutes of labour to buy one quart of milk. In 1951 it took only 10·1 minutes of labour. On the basis of 100 in August 1939, the index of consumer prices of milk products was 125·4 in October 1941; of meat and eggs, 130·6, and of all foods, 124·1. In the latter part of 1951 milk products stood at 213·4, meat and eggs, 354·9, and all foods, 251·5. It is to be noted that dairy foods have not increased in price proportionately. At the same time the cost of labour to the dairy farmer increased 181 per cent from 1941 to 1951, and in that period his own food costs were 82 per cent higher. Dairy farmers are now in a position where they have to compete with industry for labour.

In the same period the average farm price for 100 pounds of milk increased 78 per cent. The cow population has declined 2·4 per cent, and the Canadian population has increased 21·6 per cent in ten years. During the same ten years the per capita consumption of milk has fallen 18 per cent in Canada, notwithstanding the fact that the protein value of two quarts of milk equals that of a pound of choice beef at a much lower price.

Prices of other commodities have climbed in the spiral of inflation. It is admitted that the dairy farmer is receiving more for his products than he did ten years ago, yet the increase received has not kept pace with increased costs. Farm labour wages, higher food costs, maintenance of herd and buildings, competition from cheap vegetable oils, and the general increase in the cost of living, have added to his difficulties. Better public relations between consumer and producer would do much to create a better understanding.

Importation of vegetable oils into Canada has threatened the dairy industry on an increasing scale in the past three years. This is borne out by the following table of importation of vegetable oils into Canada:

Imports of Vegetable Oils into Canada

All vegetable oils	Quantity (pounds)	Value $	Average Value per pound (cents)
March 1-Dec. 31, 1949	124,289,500	17,576,955	14·1
Calendar year 1950 ...	190,697,200	30,663,719	16·1
Calendar year 1951 ...	158,391,500	35,057,238	22·1

The production of margarine in Canada is shown in the following table:

Calendar year	Thousands of pounds
1949	73,958
1950	94,032
1951	105,151

Not only has there been an increase in the importation of edible oils, but the prices of oils as of April 1952 show a considerable decrease. I give you the following table in pointing out the low prices for these products at the present time as compared with the existing prices last year:

Prices as of April 19	1951	1952
Coconut oil	18·25	7·54
Soya bean	20·5	8·5
Cotton seed	23·5	10

Soya beans were imported duty free. All copra used in making coconut oil was imported duty free.

I am not entering into a controversy on the merits of these products, but I present these figures for the purpose of showing the competition which faces the dairy industry through the manufacture and sale of edible oil produced in Canada. These imported oils produced by cheap labour have replaced about one-quarter of what was once the dairy farmer's butter market. It is reported that "filled fluid milk" with the cream replaced by imported oils could be expected to find a place on the Ontario market soon.

There are other factors which have brought the present situation in the dairy industry to the point where it constitutes a national emergency. There is grave uncertainty among dairy producers. This applies particularly to the cheese branch of the industry. The industry itself has had no control over the forces which have caused the present situation, which certainly was not of its own making. The factors which enter into the present situation are: First, the outbreak of foot-and-mouth disease in Saskatchewan early in this year; second, the loss of the United Kingdom markets, which has been our traditional market for cheese ever since confederation; third, the quota imposed by the United States which has shut off further Canadian cheese exports there and has led New Zealand exporters to enter the Canadian market; fourth, the importation of large quantities of cheese from New Zealand.

The outbreak of foot-and-mouth disease will result in more dairy cows being kept on the farms, and hence larger quantities of milk will be placed on the market. For years there has been a market for Canadian milk cows, especially young heifers, in the United States. During the periods when prices for milk products were low many farmers added to their income in an excellent market by producing a certain number of milch cows for export. Owing to the outbreak of foot-and-mouth disease there can be no further export of dairy cows to the United States until we are clear of the disease and the embargo which resulted therefrom is lifted. The unfortunate further outbreak of this disease clearly indicates that the embargo will certainly not be lifted during this dairy season. These animals retained on Canadian farms will add to the amount of milk on the market. Not only will this apply to the cheese producers, but the price structure of other milk groups will be in danger if surplus milk is backed up into their market.

Last year Canada produced about 16,400 million pounds of milk. It is estimated that this year there will be an increase of 250 to 300 million pounds. This increase would amount to the equivalent of 29 million pounds of cheese or 14 million pounds of butter. The national dairy council estimates that the problem of marketing may cause 500 million pounds of milk to back up on the Canadian market. When this surplus milk comes on the market, much of it will be manufactured into butter and cheese. The government has taken butter, but so far has not stated where the surplus cheese will be sold. More milk production will mean more dairy products produced in all branches of the industry with no outside markets to take care of the surplus.

It will be difficult to handle all this milk which would normally go to cheese plants in the flush production season. Cheese factories have been closing all over the country in

the past few years and there are indications now that many more factories will not open this season. There is a shortage of trained cheese factory and creamery operators, and farm labour has become a serious problem. There must be some outlet for the sale of the surplus milk which will be produced during the coming season.

The loss of the United Kingdom markets has been a serious blow. This has been our traditional market for Cheddar cheese for sixty years. At one time we exported over 200 million pounds of cheese to Britain, but in the last year our exports have been cut down to 29 million. During both wars the industry was encouraged to produce to capacity. It had no knowledge that this long-time market would collapse. Without export markets for our cheese products it seems absurd that New Zealand cheese was imported into this country after it had become apparent that the cheese was not needed here and would cause distress on the Canadian markets.

The loss of the United States market by the quota imposed has prevented further Canadian cheese exports to that country. If the Canadian producer cannot avail himself of outside markets, the amount of New Zealand cheese which enters Canada will not only interfere with our marketing program, but will seriously demoralize the whole industry. Much of the cheese imported from New Zealand had originally been intended for the United States market to earn dollars for New Zealand. When the United States placed a quota on further cheese imports, it became available on the open market, and a considerable quantity was purchased by Canadian firms.

On April 21 of this year, as reported on page 1427 of *Hansard*, I asked the following question on the orders of the day and received the following answer:

Mr. W. G. Blair (Lanark): I should like to direct a question to the Minister of Agriculture. Will he make a statement on the assistance to be given to the cheese producing industry? Will the assistance given to them bring the price in line with that of the concentrated milk producers who are at present receiving $3.30 on local sales?

Right Hon. J. G. Gardiner (Minister of Agriculture): I think it has been decided in the courts that questions having to do with the price of milk are under the jurisdiction of the provincial governments. The question of cheese and milk in general has, I think, been fairly well taken care of by the government of Ontario. As to cheese production and other related problems, they are dealt with accordingly.

On April 22, in answer to a similar question, the Minister of Agriculture stated:

There is a floor under butter of course, and as I said yesterday, there is a legalized position in Ontario in relation to cheese. Since most of the cheese is made in Ontario, the cheese position is well governed by that.

[Mr. Blair.]

It would appear from the minister's answer that the onus for support prices or otherwise has been thrown on the government of the province of Ontario. Even there the marketing scheme could not be expected to handle the present confused situation. I might point out that other provinces than Ontario are interested in the dairy industry.

The Minister of Agriculture has announced that the government is prepared to stand a loss of $6 million to support hog prices. In view of this statement there can be no reason for not supporting cheese. I have looked up the Milk Control Act, Revised Statutes of Ontario, 1950, chapter 233, and I find that the interpretation section contains the following:

(k) "milk" includes cream and such products of milk or cream as are manufactured or processed in any form, other than butter and cheese.

(m) "Processor" means a person engaged in the business of processing milk or manufacturing milk products, other than butter and cheese.

The Milk Control Act was amended in 1951 by Bill No. 129, an act to amend the Milk Control Act. Section 3 of the amending legislation reads as follows:

Subsection 1 of section 5 of the Milk Control Act is amended by adding thereto the following clause:

(hh) after a public hearing, prescribe maximum prices at which milk may be sold by retail in any market.

The words "other than butter and cheese" are to be noted. The question of a support program for agricultural products in this country is and has been recognized as a federal responsibility. For the Minister of Agriculture to endeavour to shift the responsibility to any province at this time is not consistent with his position on the question in the past nor with the policy of the government of which he is a member. I well recall, as does every other member of the house, the ringing phrases of the Minister of Agriculture when he assured Canadian farmers that a floor had been established below which prices would not be allowed to fall.

The situation today constitutes an emergency, the root causes of which are not confined to the dairy industry. If the cheese production branch is unable to market their product at a satisfactory price, then the whole industry will be affected. Something must be done to secure a market for surplus cheese at a fair price. Any loss in price will not only affect our dairy farmers but will have an effect on the whole Canadian economy. A satisfactory floor price below which prices will not be allowed to fall, thereby virtually destroying this essential industry, must be assured to producers now.

Even this is only a partial answer. There must as well be an all-out sales effort by

the dairy trade and the government. Not only is a satisfactory floor price necessary, but some means must be found to dispose of surplus production. Failure to do so will give rise to a feeling of uncertainty which cannot help but spread to other related industries and in turn will reflect itself in unemployment in this country resulting from a lack of orders for farm machinery and other manufactured products.

I suggest further that the government again make representations to the United States government about the quota placed against imports of Canadian cheese, and the relationship this virtual embargo bears to our mutual agreement under the Geneva trade agreements. I for one have supported legislation to expand international trade, but if the application of escape clauses by other countries, who are also signatories to the Geneva agreement on tariffs and trade, is to continue to discriminate against Canadian producers, then I believe an obligation rests upon parliament to reappraise our position under this mutual agreement to expand trade.

Mr. H. R. Argue (Assiniboia): Mr. Speaker, I listened with great interest to the speech which has just been delivered by the hon. member for Lanark (Mr. Blair). I certainly agree with him that the dairy industry in Canada is facing an emergency. Very little cheese is produced in the prairie provinces, but being a person interested in agriculture and the national good I cannot help but feel that the cheese industry has a just case and that the government should consider the steps that the hon. member has suggested.

The hon. member suggested that further representations might be made by Canada to the United States, and that if action was not obtained from the United States, parliament should perhaps reappraise its attitude toward the Geneva trade agreements. I do not know whether the hon. member is suggesting that Canada might take retaliatory action, but I hope the government will not take such action, because the erection of one embargo followed by a counter-embargo would probably lead to a series of embargoes between Canada and the United States, with serious consequences to our economy.

I think the government might explore the possibility of obtaining a market for cheese in the United Kingdom. We all know that the United Kingdom is short of Canadian dollars and that that is why they are unable to purchase our cheese at the present time. At various times in the past we in this group have suggested barter arrangements. The government has always turned a deaf ear to such suggestions. I am thinking now of the farm machinery inquiry by a legislative committee that took place in Regina. The committee found that farm machinery prices of companies producing in Canada and companies from whom we get supplies but producing in the United States were very high indeed. It seems to me that Canada might well sell cheese to Great Britain on the understanding that the funds obtained from cheese would be used for the purchase of British agricultural machinery. A considerable quantity of British agricultural machinery is being used in the prairie provinces at the present time. I can say that it has worked quite satisfactorily on most farms and under most conditions.

The hon. member for Lanark suggested a floor price under cheese. If the government is prepared to place a floor price under such commodities as eggs, pork and beef, then I for one certainly feel that the cheese industry has an equal claim to a floor price. In establishing any such floor price I would hope that the government would set a price that would in fact pay the producer a reasonable price for his cheese and ensure that the cheese producer does in fact receive the floor price. We have floor prices now, but they are floor prices in name only. The packers by paying less than the floor price have made a sham of the government's floor prices. For example, the floor price under eggs is 38 cents a dozen, grade A large, going into storage in any part of Canada. In addition to the 38 cents, the government stands prepared to pay up to 5 cents to cover the cost of storage.

So the packers buying eggs obtain from the government a net price of 38 cents per dozen because the government will pay the storage costs.

The floor price of grade A large eggs to the packers in the city of Regina, for example, is 38 cents a dozen. When I was home at Easter our farmers were not getting 38 cents a dozen. Of course we could not expect all the eggs to be grade A large, nor would we expect the floor price to be that high. But farmers were not even getting 30 cents a dozen. On the average the price the farm wife is receiving for eggs in my part of Canada is 14 cents a dozen.

I would not have believed that such low prices could exist when the government was supposed to have established floor prices if I had not seen the actual receipts. In fairness I should point out that the 14 cents is for the average eggs produced, but those eggs were fresh and probably three-quarters

would be grade A large. That price of 14 cents a dozen to the farmers is nothing less than an insult, and will certainly force those egg producers right out of business.

The so-called floor price under pork is not too much better. The price has been established at $26 a hundredweight for grade A carcasses basis Toronto. That is supposed to provide a floor in Saskatchewan of $24.50 for grade A hogs. The packers in Saskatchewan are not paying that floor price but something close to it for grade A and B-1 hogs; but all the farmers of my constituency are living in either the buffer zone or the quarantine zone established because of the outbreak of foot-and-mouth disease, and their market is severely curtailed. The market at Regina takes only the cattle and hogs that can be slaughtered and consumed within the quarantine area. People in the buffer zone have to take their hogs to the Moose Jaw market. That market is jammed; there is a long waiting list, and the farmers cannot market their hogs when they are at a weight to qualify as grade A or B-1.

The prices paid to a particular farmer in my constituency by Canada Packers at Moose Jaw for grade A were $25 in one instance and $24 in another. Prices for B-1 hogs in one instance were $24 and in the other $23.60. On one of these slips there is a heavy hog. It was graded as a sow. Technically speaking it was not a sow at all; it was a female hog that was overweight. It had never raised a litter of pigs, so technically speaking it was not a sow but a gilt, and should have been graded in the heavy class. Here was a perfectly good hog from which will be obtained perfectly good pork, but the farmer received a price of $13.75 a hundredweight, rail grade. The government is prepared to accept canned pork at 63 cents a pound in cans. I will bet my bottom dollar that most of the hogs graded as heavies and sows, for which the farmer receives 14 cents a pound, will wind up in cans and the packers will receive 63 cents a pound for that pork, making a handsome profit.

So I say the government should establish an adequate floor price for cheese, but the government should also take steps to enforce existing floor prices. I would say the government should provide under the law that packers must pay the established floor price, and if a packing company refuses to do so it should be haled before the courts and fined accordingly. Without such a provision the packing companies are making a complete sham of the government's floor prices.

The government has announced a floor price under beef of $25 a hundredweight for good steers at Toronto. The Minister of Agriculture (Mr. Gardiner) has told us that after freight is deducted that will give a floor price of $22.80 for choice steers at Saskatoon.

Mr. Howe: Not choice steers—good steers.

Mr. Argue: I accept the correction—good steers at Saskatoon. The floor price is not being extended to other grades of cattle, and the minister has advised farmers to keep their cattle on the farm, with the exception of those in good condition. Well, the cattle produced in my part of the country do not usually grade as choice or good steers. They usually grade as feeder steers, as cows or calves or something else. So the floor price under beef cannot possibly apply to more than a small percentage of the cattle normally marketed in my part of the country.

Mr. Ferrie: The floor price is not under beef; it is under cattle.

Mr. Argue: It is live cattle, and if I was giving the impression it was dressed weight I accept the correction. I am quite certain that the price of $22.80 per hundredweight at Saskatoon will result in a price a good deal lower than 20 cents a pound for animals shipped to market in Saskatchewan. That is my opinion, and we will soon find out whether or not I am right. In the light of the experience we have had with floor prices under eggs and under pork, I just do not believe the farmer is going to receive $22.80 a hundredweight at Saskatoon for good steers, even though such a floor price has been announced. I hope I am mistaken; but if the farmer gets that price it will be the first time any floor price under livestock or dairy products has been provided directly to the farmer.

Together with other members of the house, particularly those from Saskatchewan, I was sorry indeed to learn of the fresh outbreak of foot-and-mouth disease in Saskatchewan. It occurred at a farm only five or six miles from my own farm. I do not know the names of the people concerned; I have not seen their names in the press, but I know the area very well; it is a beef-producing area where there are lots of cattle. It has been said that the outbreaks around Regina were in areas where few cattle are produced. In the area where the new outbreak has occurred large numbers of cattle are produced, not by large ranchers but because almost every farmer has from ten to twenty head of beef cattle on his own farm, while some have upwards of a hundred head. Right alongside the place where the recent outbreak occurred lies the Key West Excel P.F.R.A. pasture that normally takes some 2,500 head

of cattle. I would say that perhaps 150 to 200 farmers make use of that pasture each year by placing in it 10, 15 or 20 head of cattle. The farmers in that area are producing beef cattle and they are depending upon the P.F.R.A. pasture on which to turn their livestock out in the summertime. They just do not have the pasture at home to take care of their cattle during the summer. A neighbour of mine has 60 head of cattle; he has 60 acres of pasture. It takes from 15 to 20 acres of pasture per head during the summer months. He therefore has at home one acre of pasture for each head of cattle. The community pasture cannot be opened until this disease is finally cleaned up; but that 60 acres of pasture that this farmer has is under water because we had a substantial run-off this spring. When I left the west last week his cattle were out in the stubble fields, as were the livestock of most of the other farmers in that area.

This matter of pasture is a real problem. I do not know how it is going to be met. If the P.F.R.A. pasture is not opened, I shall be surprised if feed does not have to be shipped into that area. Because of the fact that the P.F.R.A. pasture has been closed, those farmers are going to suffer increased expenditures because of having to provide feed for their cattle throughout the summer months. On the orders of the day a couple of days ago I asked the Minister of Agriculture whether the government would consider giving any compensation to farmers in that area who were thus affected. But when we in this group, during the present session, have asked for such compensation, we have received a negative reply, and along with it we have usually had a few smiles from a number of cabinet ministers. They seem to think that if compensation is extended to farmers other than those who have their animals slaughtered, the door is going to be opened and there will be no end to the amount of compensation that will have to be paid.

I feel, however, that an exception to that stand should be taken with regard to those farmers who live in the quarantine and the buffer zones. Certainly those farmers in my locality who are depending upon the P.F.R.A. pasture should have from the federal government assistance to provide necessary feed supplies through the summer months. I therefore appeal once again to the government to consider that aspect of the matter, to survey the situation, and, if the problem is as I have stated it, to come to the assistance of those farmers until such time as the P.F.R.A. pasture is reopened.

I had risen this afternoon to make a few remarks on the budget, but after listening to the hon. member for Lanark (Mr. Blair) I thought I should mention something about floor prices, and in particular I thought I should say that I agree with his suggestion that a floor price be placed under cheese.

A great deal has already been said about the budget, and I am sure that anything I say will not be new. It seems to me that there are two main criticisms that can be levelled at the present budget. One is with regard to the statement of the Minister of Finance, (Mr. Abbott) when he introduced the budget, that taxes were being lowered. Along with the tables he placed on *Hansard* at page 1254, he forgot to place a table showing the income tax actually paid in 1951. If he had placed such a column on the record one would have then seen that instead of there being a decrease in the income taxes the effect of the budget is to increase by 6 per cent income tax for those in the lower brackets; that is, the amount of income tax paid, apart from the social security tax, in the year 1952 will be approximately 6 per cent higher than that paid in the year 1951. Without that explanation or without that table being placed in the budget, I say that the Minister of Finance was attempting to hoodwink the taxpayers of Canada. When taxpayers have paid all of their 1952 taxes they are going to learn that income taxes for 1952, as compared with those for 1951, have not been decreased by 6 per cent, as the minister stated, but rather have in fact been increased by approximately 6 per cent.

We in this group were particularly disappointed that the government did not follow the wish of the house and remove the 4 per cent provision with respect to medical expenses allowed for income tax deduction purposes. It was clearly the unanimous wish of parliament that the Minister of Finance allow all medical expenses as a deduction from income for taxation purposes. When the minister did not follow the unanimous wish expressed by this house he was thereby, in my opinion, making a mockery of parliament. According to their vote on the resolution presented by the hon. member for Winnipeg North Centre (Mr. Knowles), members of all parties in the house believe that all medical expenses should be deducted from income for taxation purposes. I believe the government should have followed the wish of parliament instead of having made a mockery of the members' wishes as expressed in that vote.

Last night the member for Moose Jaw stated that the government should endeavour in a

number of ways to make substantial savings with respect to expenditures. He has a right, as any other member of our group has, to his own opinions, and has a right to express them. As to some of the savings that he advocated, I agree with him. As to some of the other savings he advocated, I disagree with him. In fairness I think it should be pointed out that of the $315 million total that he arrived at as the total which the government might save with respect to expenditures, seventy per cent of it, or $225 million, was a suggested saving in the Department of National Defence. Judging by the speeches I have heard from a number of members in this house and the comments I have heard outside the house, it may well be that the government could reduce the expenditures of the Department of National Defence 10 per cent and, by squeezing out inefficiency, get the same defence effort that is now being obtained.

The suggestion of the hon. member that a means test should in any way be applied to the old age pension or the family allowance is something with which I cannot agree. I do not believe the means test should be reapplied to the old age pension, no matter how generous that new means test may be. Hon. members know that the Prime Minister of Canada has reached the age of seventy, and is eligible for and is receiving the no-means-test old age pension. The Prime Minister of Canada is on an equal footing with every other Canadian resident aged seventy when it comes to receiving the old age pension. Because the Prime Minister and every other person who has been in Canada for twenty years and is seventy years of age are receiving that pension, the stigma of taking it has been removed. I would not like to see a means test reapplied to the old age pension, because then you give some people the opportunity to say: "Oh, I am wealthy; I am making a lot of money; I can look after myself; I do not need the old age pension." And other people, because of circumstances, must apply for an old age pension, and when they receive the pension there is a stigma attached to it.

Likewise I do not want to see the means test applied to the family allowance. When I was first elected to the House of Commons a taxpayer with children who did not receive the family allowance was given a greater exemption in filing his income tax return than a parent who received the family allowance. The government then proposed to allow a smaller exemption for all taxpayers who had children of family allowance age. That meant that everyone in Canada with dependent children received family allowances, and was not allowed to claim a greater exemption for dependents because family allowance was not accepted. The very wealthy took the family allowance cheques, and then the government took back through income tax a large part or all of or perhaps more than they received in family allowance. In my opinion, Mr. Speaker, that is the way old age pensions and family allowances should be paid. They should be paid to Canadian citizens as of right. And then for the wealthy the government should tax back a large part of those payments in income tax.

At various times I have suggested certain increases in expenditures, such as suggested in the resolution dealing with family allowance standing on the order paper in my name. I suppose if members advocate increases in government expenditures they might suggest to the government some ways in which the government might increase its own income to cover those expenditures. I was interested to read in the *U.S. News and World Report* of April 18, 1952, that corporation taxes in the United States are very much higher than corporation taxes in Canada. This article points out that corporation taxes of Canada amount to 50 per cent, or slightly more, of corporate profits, whereas corporation taxes in the United States are on the average about 60 per cent. In other words, corporate taxes in the United States are 20 per cent higher than they are in Canada. There, in my opinion, is where the government can get more than $200 million annually in additional revenue.

I believe there is a sound argument in Canada for a capital gains tax. Many people buy speculative stocks and shares, and over the last few years have made enormous profits that are not subject to income tax. I feel that a capital gains tax could well be applied to such gains, and the government could make good use of the additional revenue in providing for increased social security expenditures.

There is only one other subject that I wish to mention at this time. I see my time is running out; therefore I shall be able to make only a brief reference to it.

Mr. Casselman: You have twelve minutes left.

Mr. Argue: Thank you. I want to reply to the speech made by the Minister of National Revenue (Mr. McCann) in the house on Wednesday, April 12. In replying to a former speech of mine on the collection of income tax from farmers, the Minister of National Revenue had this to say, as reported on page 362 of *Hansard:*

> However, it is not my purpose to quarrel with the various figures which have been presented, but rather to disagree emphatically with the conclusions which have been drawn from those figures.

In other words, the Minister of National Revenue accepted the accuracy of all of the statistics that I had placed on *Hansard*. I worked out a lot of these statistics in longhand, and I was afraid I might have made an error in one place or another. The minister says that these statistics are accurate enough. He goes on to say:

> Criticism based on averages can be very misleading.

That was the point he was trying to make throughout his speech—that while the statistics I used were correct, my conclusions from those averages were wrong. In attempting to prove that my conclusions were wrong, the minister had this to say—I might say, the minister was attempting at that point to build up an argument as to why the amount of income tax paid by farmers in Quebec and Ontario is not as large as the amount of income tax paid by the farmers in western Canada. The minister said this:

> In the first place the occupied farm land and the average area per farm is substantially greater in the prairie provinces than in eastern Canada.

The minister said that no one should use averages, because if he does he will come to wrong conclusions, and then he starts using averages himself. He goes on to say:

> Furthermore, the average size of farms in the prairie provinces is from two and one-half to three and one-half times as large as those in Ontario and points east.

Once again the minister himself was using averages. But of course the minister should realize that the amount of income tax paid by a farmer has nothing whatever to do with the size of the farm itself. What counts is the net income resulting from the farmer's operations, and 50 acres of good productive agricultural land in the Niagara peninsula of Ontario will probably provide a farmer with a larger net income than 1,000 acres of grazing land in the constituency that I represent. Therefore, if one farmer's holdings are twenty times as large as some other farmer's holdings, that in itself has nothing to do with the relative amount of income tax the farmer pays.

I have some further statistics to give the minister that I think prove that there is discrimination between the collections of farm income tax made in western Canada and in eastern Canada. I should like to quote again from the minister's speech at page 362. The minister says:

> It may or may not be a fact that the taxation division is getting proportionately more of the tax actually payable from western farmers than from eastern farmers.

The minister says he does not know; it may be the case; it may not be the case. Then he makes this statement at page 363, referring to eastern Canada:

> The proportionately larger staffs are considered to be justified because the task of finding the comparatively few farmers who are actually taxable in an area such as Quebec is more difficult than in the west, and it is also more difficult to determine the actual income on which the tax should be based.

He says he does not know whether there is a larger proportion of the tax being paid in Ontario and Quebec than in western Canada, but admits it is more difficult to collect in Ontario and Quebec. Then he adds this:

> In the more prosperous farming areas in the west the number of products dealt in is generally smaller, the majority of sales are made in large amounts mainly at one season of the year, and records of many of these sales are readily available.

The minister says, on the one hand, that he does not know whether the farmers of western Canada are paying a larger proportion of the tax than in Ontario and Quebec, but then goes on to say that it is easy to get at the farmers of the west, and that therefore it is no wonder that the tax collectors are doing a much more efficient job out west.

Well, if it is harder to get the tax in Ontario, one would expect that there would be relatively more assessors, based on the number of farmers, in this province. In other words, an assessor, one would expect, would have to look after less farmers in Ontario than an assessor would in say Manitoba, where it is easy to collect the tax from the farmer. Yet, while in Manitoba there is one inspector for every 1,520 farmers, in Ontario there is one for every 1,756 farmers. The minister stated that it is harder to assess the farmers in Ontario, that more work is involved, and that in many instances the records are not available. Yet the average income tax assessor in Ontario must deal with 236 more farmers than the average assessor in Manitoba.

While the income tax assessors did not find many farmers in Quebec from whom they obtained income tax, nevertheless the ones they did find paid reasonable taxes. The average income tax paid by taxable farmers in Quebec was $255 while the average in Saskatchewan was $331, and that in Manitoba was $242, or somewhat less than the Quebec average. There is a good deal more efficiency in over-all collections in Manitoba than there is in Quebec, because the average income tax collected in Manitoba was $242, while that in Quebec was $255.

Let us see how successful income tax inspectors were in Saskatchewan, on the

average. In that province there were 74 income tax inspectors in 1949 and 20,000 taxable returns were made. In other words each inspector was able to find 271 farmers who paid income tax. In Manitoba each income tax assessor obtained 183 farmers who paid income tax. In Quebec there are 23 assessors, each one of whom, in a whole year's work, found only nine farmers who were charged income tax. It took the income tax assessor in Quebec 52 weeks to find nine farmers, or one for every six weeks' work. I wonder what he was doing? Certainly he must have been asleep on the job. Yet, there are lucrative taxes to be collected in Quebec because the ones they did find paid $255, on an average. Each tax assessor in Quebec obtained taxes from farmers to the amount of $2,216 during the whole year. The salaries paid by the Department of National Revenue are, I venture to say, well over $3,000 a year. In addition to salary, travelling expenses incurred by income tax assessors are paid by the government. I am sure therefore that for the 23 income tax assessors the department has in Quebec the government spent $2 in 1949 for each $1 obtained from farmers by way of income tax.

The department asked 30,000 farmers to send in income tax returns, and the minister reported that only 14,000 complied with the request. But what about the other 16,000? Anyone in Saskatchewan who receives a letter from the income tax branch had better file his return right away, or someone will be out to see him. Why did not at least 95 per cent of those who were asked to file returns comply with that request? Perhaps the 14,000 said, "Well, we can afford to send in returns because we know we do not have any income tax to pay", while the other 16,000, who might have had tax to pay, said, "We will not bother, because probably they will not ask us again."

On the average, each income tax assessor in Manitoba collected $44,000 by way of farm income tax in 1949: The average for each assessor in Quebec was $2,216. I suggest that the Minister of National Revenue (Mr. McCann) should do some transferring in his department. Our income tax inspectors in the west are good inspectors. They are efficient, they are doing their job and they are collecting a lot of income tax. On the other hand the ones in Quebec are an absolute failure, and those in Ontario are a near failure. I suggest therefore that the minister should send some of the Ontario inspectors out west, where most farmers now pay income tax whether they are asked to do so or not. He should send some of the Quebec inspectors out west, so that the income tax people out there could give them some training. They could then be sent back to the east and, in those circumstances, I am sure the government would find that its income tax returns from farmers in the central provinces would improve considerably.

I am a farmer, and while I believe that farmers should be given certain further exemptions than are now provided, I do say that, as applies to other groups, once a law is established farmers should be required by government officials to comply with that law. I believe farmers in Quebec and Ontario are just as honest and as upright as those in any other part of Canada; but if income tax inspectors are falling down on their job, then I do not think we can blame the farmers if they do not shell out voluntarily. So I suggest to the Minister of National Revenue—

Mr. Deputy Speaker: Order. I am sorry to interrupt the hon. member, but he has exhausted the time at his disposal.

Mr. G. M. Ferrie (Mackenzie): Mr. Speaker, rising to take part in the debate, before entering upon the subject matter I intend to discuss I should like to make some few comments on what was said by the hon. member for Lanark (Mr. Blair).

Hon. members who come from western Canada have been told many times that, by accepting the wheat agreement, we have acted like socialists, that we have gone too far, and that we should go back and put grain on the open market. Today we have been given a good example of exactly what has happened in Ontario. At one time cheese, from the standpoint of marketing, was in the same position as wheat. However the cheese producers preferred to be independent of the government, to withhold cheese from the operations of any government department, and run the industry themselves. What did they do? Well, to make a long story short, they priced themselves out of the market.

It is time the farmers in the dairying industry in Ontario got together, and indicated their willingness to come, with hat in hand, and say, "We made a mistake, and we are willing to go back where we were before". I am sure that if they do that they will get some reward. It may not be just what they think they should get, but certainly they will be recognized. I know that there is no one in this country who has more feeling for the farmer in any part of Canada than the Minister of Agriculture (Mr. Gardiner).

I want to say a few words about the budget. I have never spoken on the budget before, but as far as I can see this is a good, sound budget. It does three things.

First, it has given us a sound dollar. The whole world is looking to Canada today, but that was not so two years ago. At that time our dollar was down to 90 cents, but now it is up. The great United States with its millions of people—150 million to 180 million, we do not know just how many exactly—is doing its utmost to produce and make its dollar worth as much as possible. In Canada we have 14 million people only but we have a sound dollar that today is even better than the United States dollar.

I want to say something about my constituency and a little about the constituency next to mine. We heard a wonderful speech the other day by the hon. member for Churchill (Mr. Weaver) who painted a great picture of his constituency and tried to give the people of eastern Canada some idea of what it actually is. He tried to indicate the great wealth there is up there, and I am sure that everyone realizes just what that means to Canada.

For a few minutes I am going to try to draw a similar picture in connection with my own constituency which runs alongside his. My constituency is 560 miles long and about 84 miles wide. We split the town of Flin Flon. There are 1,200 of my constituents who live in Flin Flon. I am going to try to give hon. members some idea of the country from Wollaston lake down to where agriculture starts. Some of the ministers have flown over this lake.

This great lake, which is close to the Northwest Territories, contains great fishing grounds. The fish must be flown out to Flin Flon. Then next we have Reindeer lake, another great fishing ground. Here the fish are flown out in the summertime and brought out by caterpillars in the winter. These lakes are miles and miles north of what we call civilization, Reindeer lake being some 200 miles north of Flin Flon.

Then you come down to the great mining areas. I should like to indicate something of what has happened just south of Flin Flon where a large area is being opened up. The Hudson Bay Mining and Smelting Development Company have claims totalling 8,350 acres. No one knows the value of the minerals in those acres. No doubt a big development is going to occur in that country and no one can begin to imagine the wealth that will be taken out of there.

We are asking that some attention be given to the construction of a railroad from Lynn Lake, north to Reindeer and Wollaston lakes, then to Athabaska and down to Prince George. That is asking quite a lot but if it were done it would open up one of the greatest mining territories in the world.

East and north of Reindeer lake is found what is called green stone, and then south of Athabaska you find red stone. The green stone area is where most of the minerals are found and that is where they do most of their surveying and exploration work. Last year I mentioned that the area around Athabaska was one of the greatest mining areas to be found. They are developing uranium and other minerals. On the Saskatchewan side of Flin Flon they have taken out minerals to the value of many millions of dollars. Then they started investigating and found that the slag heap contained $90 million worth of a new kind of ore, so now they are going down into the Saskatchewan mine again. They are going to empty all the shafts, reprocess the material, extract this valuable ore—they do not tell us what it is—and then put the slag back into the mine again. In the Hudson Bay Mining and Smelting Company mine 3,500 feet down at the bottom of a shaft they have cut a drift inwards and have built a room there half as large as this chamber. It is 3,500 feet under the ground. They say that there is enough ore down there to last, at the rate they are taking it out now, for the next twenty years.

The reason I raise this matter is that we have 12,000 people in that area and they have no road leading westward. They have to travel east sixty miles to The Pas and then 150 miles south before they can go west. The Saskatchewan government have been asked to build a road from Nipawin to Flin Flon, and have said in the provincial legislature many times that it is up to the dominion government to build this road. But they have not asked the dominion government to build the road. They have not done anything about it. All they have done is to talk about it in the legislature in Regina. By no stretch of the imagination have they come to the point where they have said how much it would cost, how much they would be willing to pay themselves, and how much they wanted the dominion government to contribute.

I think this attitude is very unfair to the people who live in that northern area. They are entitled to a road running westward, and it is up to the provincial government of Saskatchewan to help those people to be able to travel westward. It is only fair and reasonable that the provincial government should do this. I would not mention this matter if it were not for the fact that it affects the people of my constituency. I have been trying to help them to get a road but the Saskatchewan minister of highways does not seem to want to help

these people who pay taxes and produce wealth for the province of Saskatchewan and also for the dominion.

I have told the house now about the fishing in the northern part of my constituency and the mining a few hundred miles farther south. Now I come to the region around Hudson Bay Junction where there is lumbering. The lumberman is having quite a hard time. As hon. members know, we have had a lot of trouble so far as lumbering in that district is concerned. The lumbermen and trappers around Hudson bay have had a pretty hard time during the past winter. I have not heard much kicking on their part, but they want things done in the proper way. They want a chance to go into the bush and produce a living for themselves, something that they cannot do at this time.

Farther south in my constituency we have an agricultural area which is one of the greatest agricultural regions in Canada. The development of the Carrot river delta is just beginning. I should like to say here that the hard work of the hon. member for Churchill (Mr. Weaver) has certainly been helpful. He has been able to get the Manitoba government to make representations to the federal government, and the federal government has utilized the P.F.R.A. to help to start the development of that part of the country. The hon. member for Churchill told the house yesterday that in this delta there are about 2,500,000 acres within his riding. The delta region runs right across the Manitoba boundary into Saskatchewan between the Saskatchewan river and the Carrot river. In that area there is some of the finest agricultural land that there is any place in the world.

Last winter we drove in a motorcade from Carrot river to The Pas. We travelled by an old bush trail down to the river and drove fifteen miles up the river to the boundary between Saskatchewan and Manitoba. There were about fifty or sixty cars, and at the boundary all the people got out and had lunch at that spot. This part of the prairie is a wonderful piece of land. All it needs is draining. All it needs is a few million dollars to be spent on it, about $10 an acre, to make it a really productive area. I understand that Manitoba has made an agreement with the federal government with respect to the development of that part of the delta within Manitoba. Why does the Saskatchewan minister of agriculture not do the same thing for the part of the area within his province? Saskatchewan will never be able to develop it. They will never be able to spend the money. There is one point to which they stick. They would rather let the area go undeveloped than do away with the system of lease agreements. They want to lease the land instead of letting people homestead it or buy it. If they would turn the matter over to the federal Department of Agriculture, in a few years the P.F.R.A. administration would have at least 1,500,000 acres in the province of Saskatchewan producing. There would be a lot of good people in that part of the country and a lot of good business being carried on.

It is a shame to leave it the way it is now. It is a mess and some day they will have to pay for it. I hope that something will be done in the near future because we need development of that region. As the hon. member for Churchill told the house, there is about 20 to 40 feet of solid silt that has come down from the mountains and elsewhere on the prairies over a period of thousands of years and has settled there. It is a detriment to Canada that this land is not producing today. Where you see willows 3, 4, 5 and 6 inches through you know very well that there is something in that land and that it should be producing for the benefit of the people of Canada.

Before I leave that area, many times I have heard it said in this house and by people from eastern Canada that the Hudson Bay railway is always in the red. That is not a fair statement. I am sure the people here do not really understand the situation. The Hudson Bay railway starts about five miles north of The Pas, and from there up to Churchill it carries its own load. It does not belong to the C.N.R., as we always thought; it belongs to the government. The strangest thing about it is that the government has no rolling stock, so when they take something up to Churchill they have to rent the rolling stock. If they were to take that division and add Sherridon and Flin Flon, making it one division north of The Pas, I do not think it would ever be in the red again; it would always be in the black. They took the Temiscouata railway and added it to the C.N.R. The Canadian National was willing to take that line, and I do not see why the Canadian National should not take over the road from The Pas to Churchill. Then if there is any deficit the whole country meets it. I do not see why we should have to stand by and watch this part of the railway going into the red all the time. That is not right. All the development that has taken place in that north country could not have been undertaken but for the fact that this railroad was built north to Churchill. Many of us thought more lines should have been built, which would have led to even greater development, but no doubt that will come later. However, I think it is time the C.N.R.

realized that that is a part of the Canadian railway system which should be taken over and put in the black instead of the red.

Now I want to say a word in regard to a defence highway from Winnipeg to Edmonton. I spoke about this two years ago, and I am still of the opinion that something ought to be done about it. We are spending millions of dollars on radar equipment for the north; yet if we had to take a big gun from Winnipeg to Edmonton it could not be done under any circumstances. We have had one of the driest springs in many years, but even so, our best roads running through that country are very bad. The defence department should realize that the people on the prairies are entitled to some protection. They say there is no chance of an enemy coming from the north, that we will not be hurt that way. Well, if I were a minister I do not think I would agree with that. Look at Edmonton; then look at New York, Montreal and Toronto. You will see what a short distance it is by plane between those points. Edmonton has everything that might be needed for an army—oil, food for the troops, and lots of room to be able to watch all around. Once more I am asking that some consideration be given a highway from Winnipeg to Edmonton to help in the defence of western Canada.

Mr. Fair: Why not go right through to the coast over the Yellowhead route, following the pipeline?

Mr. Ferrie: That is up to you fellows. That would not protect us at all, though I would be satisfied with the Yellowhead route.

In closing, Mr. Speaker, I want to say a few words in regard to the speech made last night by the hon. member for Moose Jaw (Mr. Thatcher). It matters little what was in his mind, but what he said was serious to those of us from western Canada who have fought for so many years to help the man who was not able to get a pension because he had the odd quarter section of land that perhaps was not producing anything and was not an awful lot of good to him, but which he did not want to turn over to the government. Some men were independent. They said, "All right; I will get along," and they got along on $4, $5 or $8 a month. I know one man over 70 who had a cow. You can hardly believe it, but he used to live the whole year on the milk he got from that cow, because he would not let them file a lien against his homestead. He had lost everything in one way or another. He was old and sick, and was not able to farm properly on his quarter section of land. We fought to have pensions given to people like that; and I want to say to the hon. member for Moose Jaw that for what he said last evening he is absolutely a disgrace to Saskatchewan.

Mr. Deputy Speaker: Order. I think the hon. member will realize that he should modify the expression he has just used in reference to the hon. member for Moose Jaw. I do not think he would want to say of any colleague that he was a disgrace to any part of Canada.

Mr. Ferrie: All right, Mr. Speaker; I will withdraw the statement. Perhaps I can put it in more flowery words and at the same time bring the facts home to him. He is young. He may be politically unwise, as one of his colleagues said. After all these years of hard fighting that we have done to get this matter into the position in which it now is, he may be able to think that we should say we should go back to a means test.

Mr. Thatcher: On a point of order, Mr. Speaker, if the hon. member will permit me to make an explanation—

Mr. Ferrie: Yes.

Mr. Thatcher: —I should like to say that I certainly did not suggest that we should go back to the kind of means test we had previously. I should like to correct the hon. member. What I said was that I did not think it was sensible that the taxpayers of Canada should be paying a pension to people with incomes of $5,000, $6,000 or more a year. I am sure that the farmers that my hon. friend has spoken about would not come in that category.

Mr. Sinclair: It is still a means test.

Mr. Ferrie: I take the hon. member's explanation; but as far as he is concerned, it is absolutely impossible to segregate those to whom it would apply and those to whom it would not.

Mr. Thatcher: Why?

Mr. Ferrie: If you are going to have a means test, you are going to have a means test; and that is all there is to it.

Mr. Thatcher: But there is a great deal of difference between the means test which we had previously and the one I suggested last night.

Some hon. Members: Order.

Mr. Ferrie: You cannot have what my hon. friend suggests, and he knows it. I am not sure whether he was on that committee or not. In any event, he has heard many times that the application of the means test was to anybody and everybody; and that is all you can have. You cannot segregate those to

whom it will and will not apply; you cannot say you are going to have the means test apply to this man and not to that one. You have got to have the means test apply to all, to see whether they have that specified amount of money or whether they are receiving that specified salary. It is an absolute impossibility to have a means test unless you go back to where we were before; and we are certainly not going to do that.

Mr. Thatcher: I hope not.

Mr. Ferrie: Then there is another thing. The hon. member talked about savings. What do the savings mean? The hon. member made a statement about various savings. As far as he is concerned, the savings just meant that we were not going to get the services. That is all they meant. The hon. member for Moose Jaw said: All right, save; stop the services; stop Canada. Yet our great Saskatchewan is going ahead and is going to produce and produce. We are going to bring the wealth into the country. As the hon. member for Churchill told the house yesterday, there is great wealth in the north. In the great prairies wheat is being produced. We had 500 million bushels last year, as it was thought, and now we come to the point where there is 700 million bushels. We hear talk about the millions and billions that we are going to spend. We are not spending them foolishly. Do you want protection? As I told the hon. member for Winnipeg North (Mr. Stewart), he wanted to have his porridge and eat it. That is what the hon. member for Moose Jaw wants. He wants to have his porridge and eat it. He wants to make a fuss over what? He tries to make it over a few million dollars. What does the expenditure of a few million dollars mean? A few million dollars expenditure means the services to the people of Canada.

Coming down here from Saskatchewan, I was talking to a conductor and he said that one of the finest things that had ever happened to Canada was the surplus that we have; and that is a fact. We have that surplus. We are paying off the debt. I want to say this to the hon. member for Moose Jaw. If he had an 8 per cent surplus in his business, would he for one minute think that he was doing a good job? That is all you have got here with a great government that handles millions and billions of dollars. Surely we are today in a position to cut down our public debt and to render the services that are necessary to the people of Canada; and then, in the final analysis, we can say that we are ready, if the time comes that we should have to do so—and we pray God that we shall never have to—to put out money to help to keep the country going. If we come to a depression, we are in a better position because we had surpluses; and a good businessman knows that.

Mr. W. G. Dinsdale (Brandon): Mr. Speaker, at this stage in the budget debate I can readily come to the conclusion, after listening to the many speeches, that the members of the opposition groups are against the budget. As we have sized up the reaction from across the country, it seems also that there is a good deal of criticism in the regions beyond the confines of this chamber.

I have been vitally interested in the debate because it is my first budget debate, and budgets concern themselves with one of the basic functions of parliament, the collection and the spending of public money. I found the evening of April 8 a most interesting and entertaining one. We had a sense of the dramatic present in the chamber on that evening, a situation which does not prevail too frequently in the House of Commons. We had the galleries filled with tense and expectant taxpayers. I found the performance of the Minister of Finance to be quite an interesting one, almost up to the calibre of a Shakespearian actor. Since that time we have had such comments as a sleight-of-hand performance, Hallowe'en pranks, and the accusation of the use of a false face, the typical mask of the stage.

I have been intrigued with government spending for some years now, even before I came to this chamber. I have found myself somewhat bewildered by the astronomical proportions this spending was reaching, particularly in the post-war era. I assumed that on coming to the House of Commons I might gain a better knowledge of why all this money was necessary, where it all comes from, and where it all goes. From the comments I have heard thus far in the house, however, I am coming to the conclusion that after the debate is finished I shall still be asking those questions as to why it is all necessary and where it has all gone. For example, there is the fluctuating surplus that we have before us this year. It began as an estimated amount of, I think, $30 million; it grew, in certain newspaper reports, to something like $900 million; and finally, in the statement of the minister, it emerged as just a little over $300 million.

The other big item in the budget, the matter of defence spending, is of course going to be exceedingly difficult to pursue. It was my privilege to join the committee on defence spending just yesterday, and I can see that there is a real Sherlock Holmes problem involved in keeping track of, or gathering

information on, the devious ways of this huge amount of $2 billion for the purpose of defence preparations.

To get down to the main themes that have emerged in the discussion, they seem to be those of extravagant spending, and excessive taxation. Those are the two points emphasized in the amendment brought forward by the members of this party. I am sure that, in regard to the first—that of extravagant government spending—there has been considerable disappointment. For a time, with election rumours in the air, it was hoped that we might be favoured with a "sunshine budget" this year. There was hopeful optimism that we would see substantial cuts and economies; but as I listened to the presentation of the Minister of Finance I found that any suggestion of economy was strangely lacking in his speech. The conclusions seemed to be that any relief from the high level of taxation, and any reduction in government spending, must come from a reduction in the burden of defence expenditure, or else a steady increase in the wealth and incomes of the people, which would tend to make government spending and taxation seem relatively less heavy.

Hopeful optimism of this kind of course is to be expected from the taxpayer. Being realistic about the matter, if we had exercised sufficient foresight, I think we could have come to the conclusion that there actually could be, under the present government policy, no reduction in spending or in taxation. Increasing government expenditures are inevitable under a policy of expanding government control, power and influence. We all know that governments on all levels have tended to increase the degree of control in the affairs of the nation. From long experience, too, from the evidence of history, for example, we know that governments from time immemorial have been notoriously spendthrifts. Wherever they enlarge their activities it is to be expected that the cost of administration must go up. It is a sort of "easy come, easy go" proposition. As a matter of fact, it was this difficulty that first led to the establishment of the principle of no taxation without representation, one of the basic fundamental ideas behind responsible government.

We know, too, that political machines are costly and expensive; the larger they grow the greater the expense; the longer in office a party remains, again the greater the expense tends to be. Fortunately Canada has been free from major financial scandals such as those that emerge from time to time out of the complexities of the United States government, but perhaps that is due more to accidental circumstances than to higher moral standards. We are a smaller country and we can keep closer control of things; and the people, at least up until recent times through their parliamentary representatives, have been able to keep a fairly close watch on the treasury.

Under these circumstances we cannot expect that government spending and taxation will decrease. We find that, in the minister's presentation, the blame for increasing costs and spending, taxation and so forth, was placed upon the rise in social welfare expenditures and the increasing cost of our defence program. The hon. member for Moose Jaw (Mr. Thatcher) made reference to this last night in his remarks. He has already received honourable and dishonourable mention on several occasions since, so that I am going to be comparatively kind in the observations I am going to make on his speech. I was most interested in his presentation last night. He did point out where other economies might be effected to the extent, as we already well know, of $315 million in departments other than defence and social welfare, as well as an additional amount of $225 million in defence spending. A presentation of that kind will require detailed analysis, but no doubt amongst the suggestions that were put forward—and those suggestions were put forward in response to a direct challenge as to where economies might be effected—will be found some that are worth while. He has been criticized for attacking the present basis of our universal old age pension. He is quite capable of defending himself, and I do not have to continue on that point. But we are all of the opinion—as was indicated by the vote last fall—that the social welfare programs of the kind represented by the universal old age pension are necessary in the kind of world in which we live today.

Social welfare programs of necessity increased rapidly during the depression, and ever since the depression have expanded rapidly. In fact, it was the impact of the depression that gave the impetus to the idea of the social welfare state. The social welfare state is not entirely all good, nor is it entirely all bad. It is not a panacea. I think there are some very excellent points in its favour, and there are some very dangerous features in the notion of the welfare state. For example, it is possible that the huge expenditures that are involved in maintaining an expensive social welfare program can be used for political expediency. Under these circumstances it makes it very difficult to carry on successfully our form of democratic government, because the group responsible for the administration of these huge expenditures, by subtle insinuation, can

suggest that these benefits are due to government largess. That has been a feature in the United States, and to a certain extent in Canada.

It is obvious that government functions are increasing. Services are increasing. The central government is assuming tasks, functions and responsibilities that were formerly performed by the family, by the church, by local governments and neighbourhood communities. This is all a part of the trend that is under way to more and more influence, power and control exercised by the central government.

As I have already indicated, it means considerable expense to the taxpayer. I would remind the house that this is but one solution to the social problems that emerged out of the depression, and it is not necessarily the only solution. I do not think that increasing government control is necessarily the final and absolute solution of all the problems that are facing our way of life and our civilization. Actually, you know, real social security cannot be bought. You cannot measure social security in terms of dollars and cents, as we tend to do. Actually, there is a tendency to confuse social security and financial security. If we look at the problem of the older citizens in our society—and his numbers have been increasing as the result of the increasing longevity due to medical science, better health services and so forth—we realize that the basic pension of $40 a month is not going to solve the real problems of our older citizens. I happen to be interested in such movements as Twilight clubs and other organizations that are trying to deal with the real problem of social security, that of giving our older citizens a meaningful place in society. The $40 a month is going to be of very little use to them, of very little value, if, as at present, they are forced to a large extent to live alone in a garret unwept, unhonoured and unsung, waiting for the grim reaper to come along with the proverbial scythe.

They want more than that. They want a meaningful place in society. Unfortunately, with the speed of modern industry and the demands of industrial life, they tend to become misplaced as a worker at a relatively early period in life, and this just at a time when they are beginning to enjoy a longer life span.

That problem is not going to be solved by minimum incomes of $40 a month. Those incomes are very important; but our responsibility to our older citizens will have to go much farther than this if we are really going to give them their proper place in society today. I do not believe that central governments, governments at the federal level, are in a position to provide that type of social security. This is a problem that must be worked out by local communities. It is a problem the neighbourhood must work out. It is a problem that must be handled in the close face-to-face contacts of human relationships. This might be the time to start to consider the possibility of handling social problems by educational programs which encourage a solution at the individual and local level, rather than by an increased dependence on the super-state. So long as we move in the direction of state control we are going to find that government will become more expensive and, as a result, taxation will have to be imposed to meet ever growing demands.

I might have mentioned the work going on in the field of industrial relations. An entirely new experiment in human relations is taking place in modern industry, where there has been a great deal of bitterness and a great deal of dissatisfaction because the worker, like our older citizen, had lost his meaningful place. With the industrial revolution he became a part of the mechanized assembly line. The job he was doing did not make much sense, and did not have much meaning or purpose for him. The result has been that industry has been plagued by strikes and disturbances of various kinds.

We now discover that when the human factor is taken into consideration in industry, the problems between management and workers are considerably alleviated and softened. I have in mind the famous experiments conducted in the Hawthorne factory of the Western Electric Company, just outside Chicago, by Elton Mago one of the pioneers in the field of industrial relations. A very simple fact was demonstrated in a rather dramatic way. A special experimental group was gathered together and subjected to varied conditions of work—changed working hours, changed rates of pay, a five-day week—and so on. They were given all those other things peculiar to industry today; and it was found that, regardless of what was done, production continued to increase. Finally the experimenters reverted to the original conditions. They sorted out the X-quantity, which was the simple fact that, because of the special attention received, this experimental group had found a new meaning and purpose in the job they were doing, and as a result produced at the higher levels.

These are some of the major difficulties being faced by our industrial society. At the present time the only thing we have done, acting automatically and unconsciously, and following the line of least resistance, has been to endeavour to solve these problems by state

control, government control, and by increasing government participation at all levels of life—family, industrial, business and what have you, with the inevitable results that are being criticized here today.

It is more expensive. It means excessive taxation even to the extent that taxation begins to interfere with individual initiative, and the productivity of business corporations as well as that of individual workers. All this has been glossed over, and an attempt has been made to justify the situation by the fact that Canada is enjoying an unprecedented period of prosperity. We have constant references to the fact that Canada is passing through prosperity such as she has never enjoyed before. The parliamentary assistant to the Minister of Finance (Mr. Sinclair) made reference to this the other day, upon which occasion he quoted certain United States authorities that were somewhat impressed by the economic state of affairs in Canada at the present time.

Of course there have been other references to Canada that have come out of the United States. We will recall that one American senator suggested that the United States might well annex Canada. For all we know, the laudatory references referred to by the parliamentary assistant might have been only a subtle continuation of this policy to win Canada into the American fold by flattery. I do not know.

The hon. member for Springfield (Mr. Sinnott) also made reference to the level of prosperity Canada is enjoying, and justified the trend toward increasing government control in that fashion. The Minister of Justice (Mr. Garson) visited my constituency last week and, in a speech reported in the Brandon *Sun* for last Friday—I believe the date is April 18—made certain statements which were given this heading: "Present Prosperity of Canada Due To Government Policies." The news item goes on to say:

Hon. Stuart Garson, Minister of Justice, said in an address here—

That is, Brandon.

—Thursday that Canada's present prosperity results not from a favourable world atmosphere but from policies instituted by the Canadian government in conjunction with the governments of the United States, Great Britain and some European countries.

Well, now, what is the real explanation of Canada's prosperity? Actually we were quite unprepared for it following the war. Most economists—there were one or two who were right—basing their forecasts on what followed after world war I, were prepared for a recession, if not a depression, following world war II. The monetary policies adopted at that time reflected the gloomy forebodings of the economists. They were prepared to meet the impact of the anticipated depression or recession. But it never emerged. The monetary policies then established tended to contribute to and to aggravate the difficulty we have been having with inflation during the last two years.

Actually, very few of us had realized the tremendous changes that had occurred in connection with the world's economy as a result of the upheaval of world war II. We were still thinking in terms of the depression because Canada was still in its throes. We were only slowly emerging out of the depression in 1939. I should like to pose some questions. Where would Canada's prosperity be if we had lost the war? I am sure that the responsibility for the successful conclusion of world war II was more that of the armed forces than the result of any machinations of any government body. I hope we remember that when we come to discuss amendments to the War Veterans Allowance Act.

If the war had never occurred, what level of prosperity would Canada have been enjoying today? I have indicated that the war actually awakened Canada from her depression lethargy. The balance of economic power as well as political influence changed to a large extent from the old world to the new and Canada automatically fell heir to the results of this transition without any great effort on her part. It was a process that took place as a result of the devastating effects of a global war.

Where would our prosperity be if we were not favoured geographically as we are? Where would it be if we had not the natural resources that we are only now beginning to exploit? And a final question: Where would it be without the continued high level of United States capital investment in the exploitation of these resources? I have a statement here—unfortunately I have not the reference—which I should like to place on the record. It reads:

Foreign capital pouring into Canada has saved us from some most unpleasant consequences. Without this inflow we would have been getting dangerously short of credit in the United States and elsewhere. We would have been in a worse predicament even than four years ago when we had to curb buying and travelling in the United States and generally pull in our belts.

That crisis was brought on by buying far more from Uncle Sam than we were selling him. The same has been true in our trading of the last 12 months. Though our exports took rather an unexpected splurge in December, nevertheless we finished the year almost $125 millions behind. This deficit covered trade with all countries but the difference with the United States was most important. And in other international items, too, we were in the red, items such as net tourist travel, freight shipments, etc. All the figures are not in yet, but when they are our total deficit on current international account may be the largest ever.

Luckily for us, while we have been doing this extra shopping and travelling in the United States, shrewd Americans have been investing their dollars in our oil, iron ore, power, chemical and other resources. That's what has kept our credit sound. That's the reason our dollar is on top of the heap."

On April 23 the United States ambassador made a speech in Montreal, which was reported as follows:

Stanley Woodward, U.S. ambassador to Canada, today defended investment of U.S. capital in Quebec and said "denunciation of foreign capital trusts and unions have become a commonplace tactic" in this province only in recent years.

And again:

"Natural resources must be exploited if they are to be resources instead of buried treasure," he said.

"To do so requires large amounts of capital, technical knowledge, and a willingness to gamble on the outcome of often unprofitable explorations.

I think you will agree that my fellow countrymen have helped Quebec in these respects, and have contributed to the notable rise in the French-Canadian standard of living."

We are aware that there is considerable United States investment in Canada, particularly in connection with the development of our natural resources. This investment has played a large part in bringing about the present level of Canadian prosperity.

I have mentioned before that the prairie provinces do not believe in this myth of prosperity. We cannot believe in the myth of prosperity because of our population losses. We are a relatively depressed area. We have been losing population to the more favoured central provinces. Why should we be impressed with the prosperity that exists in Ontario and Quebec, when actually it is a relative thing so far as Canada as a whole is concerned?

We must consider the national viewpoint in this regard. As is well known by hon. members, Manitoba is faced with the loss of two representatives in the House of Commons because of the harsh necessities of redistribution. Our voice is going to be weaker rather than stronger as we endeavour to grapple with the complex problems of government. There has been no move on the part of the "have" provinces to assist the "have-not" provinces. In this regard the old doctrine of an eye for an eye and a tooth for a tooth unfortunately has been followed. You can understand then why we are not necessarily enthusiastic about this picture of overwhelming prosperity that is referred to from time to time.

There was one project in Manitoba that was assuming worth-while proportions as a tourist attraction. I refer to the international peace garden on the boundary between Manitoba and North Dakota. This project has been stymied this year by the withdrawal of the federal grant of $15,000 just when it was becoming a profitable source of tourist dollars. Here we seem to have economy in reverse. I was surprised, as were other hon. members who are interested in this worthy project, and as were citizens right across the country, when this grant was withdrawn, especially when $50,000 is being provided for the United Nations doors or, to carry it to extreme, when $10,000 is being granted to an organization to promote a thrift campaign. I am sure that the spontaneous representations that have been made on behalf of this worthy project are sufficient indication to the members of the government of the feelings of the people right across Canada about this shortsightedness.

My time is running out. I was going to deal with one specific problem faced by the prairie provinces, but this matter was dealt with adequately by the hon. member for Assiniboia (Mr. Argue) this afternoon. I refer to farm income taxation. As I move around my constituency my attention is continually drawn to this problem. Ever since the matter was brought before the house last fall, as well as during the spring session of 1951, the farmer has become aware of the discrimination that exists. The explanations given have not been quite adequate so far as he is concerned. *Saturday Night* of January 26, 1952, contained an article which has brought forth some inquiries. I should like to quote one or two paragraphs as I think they will help to present an objective viewpoint of this matter. They read:

In 1949—the latest year for which you can get figures—23 employees of the income tax department collected an average of $255 from 200 farmers in the province of Quebec. There were in Quebec, according to the 1941 census, 134,000 "farmers and stockraisers." In the same year in Saskatchewan 74 income tax officials collected an average of $331 from 20,000 farmers. There were in Saskatchewan, according to the 1946 prairie census, 115,000 farmers. In Ontario, 92 officials collected an average of $242 from 8,010 farmers. There were in Ontario, according to the 1941 census, 161,600 "farmers and stockraisers" . . .

On the face of it, the collection of taxes from the farm population is highly inequitable in Canada; and those who are so minded attribute the inequality to the basest possible motives.

We have had an explanation of the situation in terms of the comparative difficulty of determining farm incomes in Ontario, and particularly in Quebec, with their smaller units; but these explanations have not entirely satisfied farmers on the prairies. One solution that has been put forward this afternoon is to increase the intensity of activity or interchange the personnel so that more effective administration of income tax affairs

can be carried out in those areas which at the moment seemingly are not being adequately covered.

I have been dealing largely with government extravagance, and the other side of the picture of course follows axiomatically. If you are spending lots of money you have got to collect lots of money notwithstanding the fact that the suggestion is often put forward that all these benefits are due to government largess. You have got to tax and tax heavily to realize the income necessary to meet the increased services of government. Today we are taxing to the extent of almost one-third of our national income. The distribution of the tax dollar between Ottawa, the provinces and the municipalities is something like 49 cents for Ottawa and 51 cents to meet the combined obligations of the provincial governments and the municipalities. With one-third of the national income drained off in federal taxation there has been a great deal of discussion concerning the prevailing state of affairs. We have heard protests from corporations which have put forward presentations that the level of taxation is resulting in a loss of productivity and producing a situation which can prove actually harmful to business development and activity in Canada.

But even the ordinary taxpayer is beginning to feel the pinch. As he moves toward greater dependence upon the state, he is beginning to feel that there is a price to pay, and protests are rising right across the country. We are becoming aware too that government spending is not sacrosanct. It contributes to inflationary effects as does excessive private spending. The problem seems to be that the government is not aware of the outcry. We get no clue that it is at least from the presentation of the Minister of Finance (Mr. Abbott). The major difficulty is that the sinner cannot see his sin. There is no repentance possible when there is no awareness of sin. It reminds me of the situation of the chap who had been a bit of a reprobate during his lifetime. His clergyman was trying to get him to repent as he neared the end. He said to the chap, "Do you renounce the devil and all his works?" The fellow replied very feebly and weakly that he did not think this was a time to be making bad friends of anybody. Maybe that is the explanation of government policy. If we were closer to an election than we think we are perhaps we would come to that conclusion. There is the situation as I see it. I have no difficulty at all in supporting the amendment submitted by the members of this group.

Mr. E. B. Huffman (Kent, Ont.): Mr. Speaker, this is the first time that I have taken part in a budget debate since becoming a member of the house. I have listened with a great deal of interest to those who have taken part in the current debate and those that have preceded it. I am amazed at the different views expressed from time to time by various members. However, I am always of the opinion that there are barometers by which a person can judge the financial position of a country, a corporation or a person. I should like to refer to some clippings I have from yesterday's issue of the London *Free Press*. This publication comes to my desk gratis by courtesy of the publisher. In yesterday's issue there were three articles which I think are a reasonable barometer by which we can judge the financial position of our country.

The first is a dispatch from New York dated April 23 containing a report from Dun and Bradstreet Inc. The heading of the article is, "U. S. failures rise, Canadian decrease". Surely that is a barometer by which we can judge the financial position of our country. In the same issue there is an article headed, "Canada's trade credit $30 million in March." It indicates that there has been a gain of $78 million over March of the previous year. From the point of view of our trade relations with other countries surely that is a barometer by which people can judge the financial position of Canada. Then there is an article headed, "Fuel oil down... Wholesale gasoline reduced; improved dollar position reason for price drops." Here are three articles in one issue of this paper indicating the position of Canada with respect to the fiscal policy pursued by the government in the interests of our people.

When I first rose I said I was amazed at some of the remarks made in the house from time to time. At page 1533 of *Hansard* there is a reference to the sales tax by the hon. member for Eglinton (Mr. Fleming) when speaking in the budget debate. He referred to the fact that it had been increased from 6 per cent to 10 per cent which, as he correctly indicated, was an increase of 66⅔ per cent. He did not say it was a rise of 4 per cent; he put it on a percentage basis.

I am convinced that the hon. member for Eglinton did not want to mislead anyone, but at page 1532 of *Hansard* he created the mythical surplus of $902 million, made up of $247 million of expenditure in the closing days of the fiscal year, non-budgetary expenditures of $300 million and an admitted budget surplus of $356 million. Incidentally his addition is out by $1 million. Then he relates this surplus to the $30 million budgeted for by the Minister of Finance at the beginning of the past fiscal year. At page 1533 he relates that to the present fiscal

policy, and says that budgeting for a $9 million surplus this year will only mean a difference of $21 million, so that this year we will have a surplus of $881 million. In one place he subtracts; in another he adds; in another he takes percentages when it is to the advantage of the speech he is making. If he wanted to be fair I should think he would use percentages in relation to the surplus. If you relate the $9 million surplus that has been budgeted for this year to the $30 million which was budgeted for last year, you will find that is three and one third times greater than the other. If you divide $902 million by that figure it will give you the sizeable surplus of around $300 million.

Then at page 1577 the hon. member for Broadview (Mr. Hees) had this to say:

—there is not the slightest doubt that we will end up this year with a surplus at least as great as the one we had at the end of the year just past.

For a long time this government has been trying to convince the opposition that the policies it has adopted have been in the best interests of our people. How has that been done? Some have called the Minister of Trade and Commerce (Mr. Howe) the super-optimist, the crystal gazer or the seer; but if you look back over the reports he has given this house from time to time you will find that they were honest reports of what he considered would take place within this country. It was not a case of being a crystal gazer; it was a case of taking the best available information. In this country we have an excellent bureau of statistics, which gathers facts from all over the world. They are able to give us the anticipated national production and the anticipated gross national income. In addition to the bureau of statistics, Canada has trade commissions in practically all the countries with which we are doing business, and I was very pleased to note that only last week three new trade commissions were opened in countries with which we had been doing some business but with which we hope to do a much greater volume of business. So it was not a case of crystal gazing; it was a case of placing facts before the house, and those facts have been among the best barometers this country has had. As far as I can ascertain, the reports the minister has presented in the house from time to time are the only thing conservative about him. Always at the conclusion of the fiscal year the gross national production and the gross national income have been higher than he indicated they would be.

Now I would like to say a word about production in this country. Unfortunately at the present time we have an outbreak of foot-and-mouth disease in Saskatchewan, which has closed the natural outlet for our livestock products. As a result we cannot dispose of those products in the natural market, and the producers are suffering some hardship. I sincerely hope this difficulty will soon be overcome. I would like to suggest to the government one thing I believe is in our own interests, and which would help overcome such a situation as we face at present. There is no question but that our basic metals find a ready market today. The products of our forests also find a ready sale in foreign markets. I believe we should have more industry which would use our basic metals and forest products, thus providing for a greater population which would consume our agricultural products. In that way we would avoid the surpluses of food we have at the present time. I realize that we cannot reach perfection immediately, but we are attempting to do what is in the best interests of all the people of Canada.

Speaking of opportunity within Canada, I note that the hon. member for Eglinton gave this quotation:

My father made your yoke heavy and I will add to your yoke—

On the same page he also quoted:

Cease to do evil, learn to do well.

The government of Canada is attempting to provide opportunities for the people of this country. Then it is up to the people of our country to accept the yoke of responsibility. I am certain that our people and those that have come from other countries, with the background that they have had, will certainly accept that yoke of responsibility and will go on and continue to make a greater and better Canada than we have at this time. The hon. member has stated that we should cease to do evil and seek to do well. I think we should continue on in the pattern we are going.

Mr. Stick: The hon. member should have quoted, "To him that hath shall be given."

Mr. Brown (Essex West): And "The devil can cite Scripture for his purpose".

Mr. Stick: Yes.

Mr. Huffman: I think it is always interesting that an absolutely honest report be placed before the people of Canada. I should like to congratulate the Minister of Trade and Commerce (Mr. Howe) on the report he gave on March 14, which appears at page 440 of *Hansard*. I should like to quote his remarks in part:

This is a convenient point at which to mention that the Department of Trade and Commerce has just completed its annual survey of investment intentions for the year 1952. Total private and public

investment is likely to be of the order of $5 billion, involving an increase of just under 10 per cent over the total of $4·6 billion for 1951 which was itself a record year.

And this is the part which I think was absolutely fair to the people:

Perhaps half of the increase over 1951 will represent physical volume and half higher prices.

This again just points to the fact that the bureau of statistics possibly realizes, as has been indicated in our papers just recently, that there is an increase in the price of steel of $3 a ton, and that fact cannot help affecting the economy within this country. We are developing steel within this country to a greater extent from day to day; but while we have to look to other countries to supply us with that commodity, we shall have to pay the price they ask. I therefore say that this is an honest report to the people of Canada when it says that one half represents physical volume and the other half represents higher prices.

As to this surplus that has been indicated here from time to time, there is always a question that has occurred to me, namely, when is a surplus not a surplus. In the province of Ontario from which I come I have noted that the premier and provincial treasurer was extremely happy to relate that he had a substantial surplus at the end of his fiscal year. I can truthfully say that when the government of Ontario went to the people of that province for a mandate, that certainly was one feature that was spoken of as being a characteristic of good government. If it is an indication of good government in a province for it to have a surplus it should be an indication of good government in the federal field. In Ontario the error in estimating revenue was 16 per cent, while the federal Minister of Finance was in error only 8 per cent in estimating his revenue. In other words, Canada had an additional 8 per cent more revenue than was budgeted for while the province of Ontario has 16 per cent more. What I should like to know is where is a surplus not regarded as a surplus. Within the province of Ontario it is taken as an indication of good government. I am certain that in this house the leaders of the same party could well commend the government of Canada for that surplus that has been provided rather than try to discredit it at all times.

The two members that I have mentioned—the hon. member for Broadview and the hon. member for Eglinton—are now indicating that possibly at the end of this coming fiscal year this government will have a surplus; the size that has been indicated by the figures given by the hon. member for Eglinton is $881 million. To me this is indicating to the people of Canada and to the world at large that we have a sound financial position in Canada to which the outside world is looking with envy, and which our own people as well are most happy to go along with.

For a few minutes I should like to refer to the "Report of the Postmaster General for the year ended March 31, 1951". Here is one place that I think a bit of the surplus might well be used. In looking over this report—and this is the 100th anniversary of accepting from the British government the mail responsibility in Canada—I note that on page 19, under the heading of transportation, it is stated:

During the year $13,672,978 was spent on land mail services other than railway, an increase of $770,000 over the previous year; $13,985,713 on railway operations, an increase of $5,118,692 . . .

I realize that the government had to make with the railway companies a contract to carry the mail, but that proportion of increase is not comparable to the service that is provided by the land mail services of the Post Office Department. The amount that has been indicated of $770,000 is a small and insignificant increase, when we consider that there is a group of 14,000 rural mail couriers who, six days out of the week, are bringing the mails to approximately two million people and who provide an excellent service. I would recommend to the government that something be done for these people.

We find that many of these rural mail couriers have a handicap but they provide an excellent service. Under the present system, when their contract comes up for renewal, they are afraid to tender at a price that is comparable to the services they give, for fear that someone else may tender below them and they would lose that livelihood which they have obtained through the contract for some period of years. I think it is most unfortunate, with the type of contract that we have at the present time, that those people who have oftentimes provided 15 or 20 years of services are just not able to get the contract they should have. I would recommend to the government that a committee be set up to study all phases of this act as it affects these people, who under all hazards of weather and road conditions provide one of our most excellent services, to one-seventh of our population. They are couriers of goodwill. I recommend most strongly that the members of this government do their utmost to see that these people are taken care of in the manner in which they should be. They have only the members of this house to recommend to the government what should be done. On the basis of this very report the

railways were increased by $5 million, or practically 30 per cent, and the couriers have not been taken care of. As I have indicated before, it is up to the people within this chamber to do what they can to support those who supply one of the most excellent services in a most excellent manner.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

PRIVATE BILLS

On the order:

House in committee on Bill No. 61, intituled: "An act respecting the British Northwestern Fire Insurance Company" (without amendment).—Mr. Henry.

Mr. Deputy Speaker: I note on the order paper that there is another bill that has been referred to us from the banking and commerce committee, namely, Bill No. 92, to incorporate the Perth Mutual Fire Insurance Company. Is it the pleasure of the house to have both bills before the committee of the whole at the same time?

Some hon. Members: Agreed.

BRITISH NORTHWESTERN FIRE INSURANCE COMPANY

The house in committee on Bill No. 61, respecting the British Northwestern Fire Insurance Company—Mr. Henry—Mr. Beaudoin in the chair.

Section 1 agreed to.

Preamble agreed to.

On the title.

Mr. Herridge: Can the sponsor of the bill tell the house the reason for the change of name?

Mr. Henry: Mr. Chairman, this bill has been thoroughly investigated before the appropriate committee of the house. The reason for the change of name is to delete the word "fire" from the existing name of the company, to the end that the name of the company may be more consistent with the various lines of insurance sold by the company. In the beginning the company was engaged only in the fire insurance business; but at the present time it is engaged in the fire insurance business as well as the automobile insurance business, the casualty insurance business and the inland marine insurance business.

Title agreed to.

[Mr. Huffman.]

Bill reported, read the third time and passed.

PERTH MUTUAL FIRE INSURANCE COMPANY

The house in committee on Bill No. 92, to incorporate the Perth Mutual Fire Insurance Company—Mr. Corry—Mr. Beaudoin in the chair.

Sections 1 to 4 inclusive agreed to.

Preamble agreed to.

Title agreed to.

Bill reported.

Mr. E. T. Applewhaite (Skeena): Mr. Speaker, perhaps I have not been following the proceedings too carefully, but I understand that we have just reported Bill No. 92. I mention this matter only in case there may be some difficulty later. I think I followed the chairman in committee, and my understanding is that we passed the first four sections of the bill. According to the copy that I have before me of Bill No. 92, the bill has twenty clauses. If I am correct in my understanding I think perhaps we might avoid some little difficulty later, if we recommitted the bill at this time.

Mr. Deputy Speaker: The hon. member is quite right. Perhaps he will allow to stand the third reading of the bill which had only one clause, namely, Bill No. 61, respecting the British Northwestern Fire Insurance Company. As to the other bill, the hon. member for Skeena (Mr. Applewhaite) has reminded the Chair quite rightly that when the chairman in committee of the whole called this bill in committee, he inadvertently stopped at the fourth clause. Therefore, if the house permits me to do so, I will now leave the chair so that the house can resolve itself into committee of the whole on the said bill, in order to consider the other clauses.

Some hon. Members: Agreed.

The house again in committee on Bill No. 92, to incorporate the Perth Mutual Fire Insurance Company—Mr. Corry—Mr. Beaudoin in the chair.

Sections 5 to 20 inclusive agreed to.

Bill reported, read the third time and passed.

SECOND READINGS—SENATE BILLS

Bill No. 65, for the relief of Florence Edith Holland Clarke.—Mr. Winkler.

Bill No. 76, for the relief of Phyllis Muriel Skelcher MacDonald.—Mr. Winkler.

Bill No. 82, for the relief of Phyllis Kaplan Holloway.—Mr. Winkler.

Bill No. 86, for the relief of William Young.—Mr. Winkler.

Bill No. 96, for the relief of Doris Jane Aitchison Birchenough.—Mr. Croll.

Bill No. 104, for the relief of Ada Vera Higgins Montgomery.—Mr. Croll.

Bill No. 105, for the relief of Priscilla Theresa Marie Laurin Minyaska.—Mr. Croll.

Bill No. 108, for the relief of Emilia Bigelis Kozakiewicz.—Mr. Weir.

Bill No. 117, for the relief of Giuseppa Manuri Bartucci.—Mr. Croll.

Bill No. 119, for the relief of Sylvia Grace Martin Corbett.—Mr. Winkler.

Bill No. 120, for the relief of Sarah Sybil Aaron Daugaard.—Mr. Winkler.

Bill No. 124, for the relief of Joseph Jacques Ernest Demers.—Mr. Winkler.

Bill No. 132, for the relief of Sam Feldstein. —Mr. Winkler.

Bill No. 138, for the relief of Mary Duncan Barlow.—Mr. Winkler.

Bill No. 173, for the relief of Rowena Ann Christena Turner Rae.—Mr. Winkler.

Bill No. 174, for the relief of Jozefa Majcher Wozniak.—Mr. Winkler.

Bill No. 177, for the relief of Esther Maron Feldman.—Mr. Winkler.

STATUTORY HOLIDAYS

PROPOSED OBSERVANCE OF DOMINION DAY AND VICTORIA DAY ON MONDAYS FOLLOWING JUNE 30 AND MAY 23

Mr. J. L. MacDougall (Vancouver-Burrard) moved the third reading of Bill No. 2, to amend the Dominion Day Act and the Victoria Day Act.

Mr. H. P. Cavers (Lincoln): Mr. Speaker, I move, seconded by the hon. member for Trinity-Conception (Mr. Stick):

That this bill be not now read a third time, but that it be referred back to the committee of the whole, with instructions that they have power to amend clause 1 of the said bill as adopted in the committee of the whole by deleting the words "preceding the twenty-third day of May" in the sixth line of the said clause relating to and dealing with the Victoria Day Act, and substituting therefor the following words: "immediately preceding the twenty-fifth day of May."

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, I think the purpose of this amendment will be acceptable, having regard to some slight misunderstanding as to the effect of the earlier amendment adopted in some haste on Tuesday evening in committee of the whole.

There is one other matter that occurs to me that the sponsors of the bill and of the amendment might consider when proposing that the bill be referred back to the committee of the whole, and that has to do with the title of the bill. The bill has now no bearing whatever upon the date upon which Dominion day is to be observed. Yet, if the item on the order paper is accurate, the title still includes a reference to Dominion day.

Mr. Stick: No, the 24th of May.

Mr. Fleming: No. The title of the bill, as it appears on the order paper, includes a reference to the Dominion Day Act as well as to the Victoria Day Act. It still appears on the order paper as "Bill No. 2, an act to amend the Dominion Day Act and the Victoria Day Act".

Mr. Deputy Speaker: Perhaps I might clear up the situation by explaining to the hon. member why the bill still bears the original title as it appears on the order paper. If he will read Beauchesne's third edition, citation 692, he will see that it states:

The title may also be amended in committee. When the committee have found it advisable to alter the title of the bill they will report the fact to the house, and the title will be amended on the motion for the final passage.

Therefore, the final passage of the bill is when the third reading takes place and it is moved that the bill do now pass and that the title be so and so. In other words, it has been amended, and the amendment has been reported to the house; but it will become official, so far as the amendment is concerned, and the struck off words will disappear from the order paper, when the motion is made for final passage. That is in accordance with this citation.

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

The Chairman: The house again in committee of the whole on an act to amend the Dominion Day Act and the Victoria Day Act.

Mr. MacDougall: Mr. Chairman, I move:

That clause 1 as adopted in committee of the whole be amended by deleting the words "preceding the twenty-third day of May" in the sixth line of the said clause, and substituting therefor the words "immediately preceding the twenty-fifth day of May."

Amendment agreed to.

Section as amended agreed to.

Bill reported and read the third time.

Mr. MacDougall moved that the bill do now pass and that the title be as follows: An Act to amend the Victoria Day Act.

Motion agreed to.

CANADIAN WHEAT BOARD ACT

AMENDMENT PROVIDING FOR PAYMENT FOR FARM STORAGE

On the order:

Second reading of Bill No. 5, an act to amend the Canadian Wheat Board Act, 1935 (Payment for farm storage).—Mr. Argue.

Hon. Alphonse Fournier (Minister of Public Works): Mr. Speaker, there is an understanding that this bill will stand.

Mr. Speaker: Stands.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed consideration of the motion of Hon. Douglas Abbott (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Macdonnell (Greenwood), and the amendment to the amendment of Mr. Coldwell.

Mr. E. B. Huffman (Kent, Ont.): Mr. Speaker, when the house recessed at six o'clock there was one item I was about to mention, having to do with the land mail service of the Post Office Department.

I hold in my hand a Department of Labour wage schedule under date of October 30, 1951, setting out for the province of Ontario the wage scale for drivers of motor trucks. I have related this figure to the amount of money that is paid to the land mail service, and I find that it amounts to approximately 21 cents a mile. Allowing for the time used by mail carriers in sorting mail, making deliveries and returning to the post office, the average according to this minimum wage scale would be approximately 29 cents a mile. Under these conditions I find that our mail carriers as a whole are not receiving the minimum indicated in this Department of Labour schedule. That is why I suggest that a committee be established to consider the whole problem of our mail carrier system, and I recommend that suggestion to the consideration of the government.

Mr. A. Earl Catherwood (Haldimand): Mr. Speaker, the hon. member for Lanark (Mr. Blair) presented the case of the dairy farmer most effectively to the house this afternoon. To those hon. members who did not hear him speak I commend a reading and digesting of his remarks in *Hansard*. They threw considerable light on the situation of our dairy farmers. Tonight I should like to take up a few minutes of the time of the house to deal with marketing and our trading situation, particularly as applied to agriculture.

I have just returned from the Easter recess, as have many other hon. members, and I attended a number of meetings and auction sales in my riding. I talked with a great number of farmers about the agricultural situation, particularly about markets. I regret to say that the situation is not too favourable today from the point of view of the farmers.

I find that dairy cattle which formerly sold for from $300 to $350 are now selling at from $100 to $150 less than formerly. I find that the beef cattle situation is also in a turmoil. We trust that the recent floor price placed on cattle will eventually clarify the situation, but at the present that situation is not too good. I found also that small pigs which formerly sold for from $11 to $12 are now going begging at about half that price. I found also that poultry producers are facing a rather unusual situation as to the future.

We are approaching the productive season in agriculture with uncertainty, misgivings and doubt as to just what the future holds in store. I realize that it is always nice to be optimistic like the hon. member for Kent, Ont., (Mr. Huffman) who just preceded me and who was most optimistic as to the future. He referred to the Minister of Trade and Commerce (Mr. Howe) and regardless of what we may think of the minister at times, I think we all agree that he is always most optimistic as well. But we have to face the facts. While I rather hesitate painting a dark picture and being accused of being an apostle of gloom, nevertheless I feel sure that the facts I intend to place before the government will be accepted in the spirit in which they are presented.

I listened with great interest to the Minister of Finance (Mr. Abbott) when he presented his budget early this month. I was especially interested in his remarks about our export trade, particularly as it affected our primary products. I had thought that the distress signals which are flying would have brought some remarks from him as regards this phase of our national economy, but I was disappointed. I felt that they warranted some specific reference in the budget speech.

I studied the minister's speech in *Hansard* most carefully and I find that he made only a brief reference to export trade. He said that all was not well but that the Minister of Trade and Commerce along with himself had every hope that exports in 1952 would equal or better those in 1951. The minister's reference to our continued loss of export markets might have been more correct if he had said that it is true that some of these markets have been lost but the Minister of Trade and Commerce and himself believed that we will export more because we are exporting materials for which there is a great demand in many parts of the world. But these conclusions hold little hope for our agricultural producer. Today we have lost many of our important outlets for agricultural products and unless something is done immediately to rehabilitate our export markets situation things will be serious indeed.

I should like to give a few figures in connection with certain agricultural products which were formerly shipped to England. In 1938 we supplied 27·5 per cent of the total British imports of barley; this market was completely lost in 1951 to Russia, which is now the largest supplier. In 1938 we supplied 93·9 per cent of the total British imports of oats; in 1945 we supplied 96 per cent; but in 1948 we lost this market to the iron curtain countries and other sterling areas.

In 1938 we supplied 254,000 hundredweight or 24 per cent of the British imports of beans, but by 1951 we were not shipping a single bean to Great Britain. In 1945 we supplied 43 per cent of the total British imports of beef. We lost this market to the Argentine republic but found an alternative market in the United States. As we all know, that market has been shut off owing to the foot-and-mouth disease. This is a recent example of what can happen to such an alternative market.

In 1938 we supplied 18·1 per cent of the British imports of bacon. As every hon. member knows, Great Britain provided one of our largest markets for bacon. This market was built up continuously from 1940 until by 1945 we were supplying 83 per cent of the total British imports. In 1946 we supplied 73 per cent; in 1947 we supplied 74·4 per cent; in 1948 we supplied 70 per cent. In 1949 we started to lose this market to Denmark, Poland and The Netherlands. In 1951 Canada supplied only 16,000 hundredweight of total British imports of over 4,426,000 hundredweight. Of that amount, Poland supplied 730,000 hundredweight, The Netherlands supplied 695,000 hundredweight and Denmark 2,953,000 hundredweight as compared to the 16,000 hundredweight obtained from Canada. Our percentage of this market is now considerably below the pre-war level of 1938. With respect to ham, in 1938 we supplied 34 per cent of total British imports. This market was steadily built up until 1947 when we supplied 78 per cent of their total imports. Now that market is lost. The hon. member for Lanark pointed out very clearly to us this afternoon the situation so far as cheese is concerned. In 1938 we supplied 23 per cent of total British imports of cheese. This market was built up until in 1945, for example, we sold 1 million hundredweight or 31 per cent of the total British imports. There has been a steady decline in sales of cheese in this market until in 1951 our exports were reduced to 234,000 hundredweight out of total British imports of 3,384,000 hundredweight.

Turning to poultry, during the 1940's Canada built up an export market for poultry in the United Kingdom. In 1947 we supplied 107,000 hundredweight or 18 per cent of their total imports. We have now lost this market and iron curtain countries such as Poland and Hungary have become the principal suppliers. With respect to eggs, in 1945 Canada supplied 56 per cent of total British imports of shell eggs and 26 per cent of their dried egg imports. In 1948 we supplied 79 per cent. Now that market is completely lost to Poland, China and other sterling countries. As to condensed milk, in 1938 Canada supplied 56 per cent of Great Britain's total market. Now that market is lost to The Netherlands and other sterling countries. Finally I come to apples. In 1938 Canada supplied 42 per cent of the total British market. That market too has now disappeared.

The above examples of these important segments of our Canadian trade have been checked with the trade and navigation accounts of the United Kingdom tabled in the British House of Commons so there is no doubt as to the authenticity of these statements. It can be reasonably argued that it was inevitable that sooner or later our exports of agricultural products would revert to the pre-war levels. However, these figures indicate that not only have the 1938 levels been lowered but we are facing the most serious financial and trade crisis in our history. With Canada being the only dollar member of the commonwealth, her markets have been practically erased altogether. Exports of the products I have named together with a number of others are below the 1938 levels, and of late we have noted that England is now reducing tobacco imports by 75 per cent. This will mean a very serious blow to Canadian tobacco producers.

The United States as an alternative market has certainly not been very promising. Canada, together with other nations, has endeavoured to have the United States rescind its ban on dairy imports which was applied under an amendment to their defence production act. As all hon. members know, this action was contrary to the international obligations assumed by the United States as well as Canada and other countries under the Geneva agreement on tariffs and trade. We must admit that our wartime level of trade or even a moderately reduced level is dependent upon whether Canada's post-war position is as favourable as it was in pre-war days. The serious problem confronting Canadian producers is not to maintain wartime levels of trade or even moderately reduced levels. The fact is our trade has

fallen away below the level of 1933, and even this low level will be again seriously reduced in 1952.

When this serious threat has been brought to the attention of the government they have always pointed to the alternative markets in the United States. It is true the United States has been an excellent market for our Canadian farm products. History of trade has shown, however, that whenever the United States has a surplus and Canada has a surplus, and both countries are anxious to market the same product, the United States raises its tariffs or uses some other device to prevent our exports from entering that country. In that way they exclude our products from the United States. The stability of the United States market as an alternative export market for our primary products is very questionable for the following reasons: First, the congress amendment to their defence production act, which restricted the importation of cheese and other dairy products, seriously affected Canada. This action was protested not only by Canada but by New Zealand, Norway, Australia, Denmark, France, The Netherlands and Italy. It was an open violation of the Geneva general agreement on tariffs and trade.

Notwithstanding President Truman's message to the nation of January, 1952, recommending the repeal of this amendment, no action has been taken. The matter comes up for discussion again in June but it is very doubtful that the amendment will be rescinded prior to the election which is to take place in that country in the fall of this year. A second reason is that there is a bill now before the United States Senate, which was introduced in February of this year, asking congress to protect United States farmers against imports of Canadian feed grain. This comes at a time when Canada has a large crop of coarse grain to market and there are many millions of bushels of damaged wheat for which we require substantial export markets.

A third reason is the escape clause provisions in the United States trade agreement extension act of 1951. This presents an ever ready threat to the stability of our exports to that country. Therefore with these unstable alternative outlets in the United States in constant danger of being cut off we realize how important that matter of Canadian export trade is to us when we stop to think that one out of every four Canadians earn their livelihood in industries connected with the export trade. It is definitely a matter of great national importance.

The Progressive Conservative party has suggested in and out of the house on many occasions that the government should initiate action requesting that a trade and economic conference be held to be attended by the economists and other experts of the commonwealth countries to study this matter. We have suggested the following reasons which I think are most important: (a) to review normal channels of trade between member countries now lost or seriously threatened; (b) extension of trade channels now existing; (c) consideration of action towards convertibility of currency; (d) a review of the effects of present blocked sterling practices and the possibility of their removal; (e) the possibility of Canada purchasing within the sterling bloc raw materials now secured elsewhere, at least to the degree that Canada might regain its traditional markets for primary products in commonwealth countries; (f) to explore the possibilities for Canadian enterprise in the amazing commonwealth investment and resources as a source of supply for raw materials required by Canadian industry.

Unfortunately the government did not see fit to take the action that has been recommended by my leader and other members of the Conservative party. I repeat that today the situation facing our farmers is made more difficult because of the loss of the alternative market in the United States as a result of the unfortunate outbreak of foot-and-mouth disease. In this regard I should like to ask the government if they have seriously considered every possibility and every angle of negotiations and arrangements with the United Kingdom government and the government of the United States whereby exports of meats now being shipped from New Zealand and Australia to Great Britain might be diverted to the United States and comparable quantities might be shipped from Canada to England. As all hon. members know, under United States laws, meat from a country where there is a disease-infected area is not allowed into that country. But their regulations do not preclude imports from Australia and New Zealand, so it seems to me that these difficulties could be overcome by some arrangement similar to that which was worked out among the United States, Great Britain and Canada in connection with aluminum.

Our loss of markets has brought about a situation that strikes at the very roots of the agricultural economy of Canada. Constructive action is required immediately. No one believes for a moment that the government can do everything; that would be impossible; but the farmers of Canada feel that the government should do something. I suggest that the Minister of Trade and Commerce (Mr. Howe), who is also Minister of Defence Production, dispatch his departmental officials

or better still go himself immediately to the United Kingdom with the proposal that Canada divert some millions of dollars in defence orders to the United Kingdom, which in turn would permit them to purchase our bacon, our wheat, our cheese, our apples and other primary products of which we have been the traditional suppliers.

In passing, Mr. Speaker, I do not think we should wait any longer for the Department of National Defence to make its decision on the question of arms standardization.

I trust the government will give these few suggestions very careful consideration. These are matters which concern all of us. They concern every member of parliament. We as representatives of the people express our views in good faith and trust the government will consider our representations in the same spirit. If this is done and we approach these problems from the standpoint of the common good, then the prestige of parliament will be greatly enhanced in so doing.

Mr. Hector Dupuis (St. Mary): Mr. Speaker, I am going to endeavour to express myself in the English language, and I immediately beseech the indulgence of my English-speaking colleagues if I do not have exactly the words to please their ears. I will do my best to say what I think ought to be said on the questions presently occupying the attention of this house. It is the duty of every hon. member to express the opinions of his constituents, and I think I would fail in my duty if I did not make a few remarks on the budget. I have heard a lot of things said and I am sure I will not say anything new on this subject. On the other hand I consider it is right for me to bring to the attention of different departments matters which to my mind should be looked into, especially on behalf of the small people whom I represent, since 95 per cent of my constituents are what I would call middle-class citizens.

As I said a moment ago, I have heard a lot of things said about this budget. First of all, emphasis was placed upon the fact that the Minister of Finance (Mr. Abbott) comes along and declares a surplus for this fiscal year of $350 million, in round figures. Some people on the opposite side of this chamber claim that if the predictions of the minister had been right the burden of taxes on the shoulders of our citizens would have been lessened. Well, I am of the opinion of the minister when he declares that it is not a big error on his part to make a mistake which works out at about 1½ per cent of the gross revenue of over $3,500 million. Of course if these things could be foreseen there would be no particular reason for any Minister of Finance to declare a surplus just for the pleasure of taxing. On the other hand it is really providential that this surplus has been declared. I am not a big financier, but I think it is a good policy to pay our debts in times of prosperity and not wait for times of depression. After all, with the heavy expenditures this government has to face at the present time, particularly in connection with defence, one is amazed that our debt not only does not increase but actually decreases, which is far better for the economy of this country.

Of course I would have liked nothing better than to hear the minister declare that all taxes would be reduced. But while he is a very capable minister, I do not think he is such a miracle man as to be able to go ahead and spend more and more all the time, yet be able to take off part of the taxes already paid by the citizens. My policy is to pay as we go. I think that is better for any government. From my point of view it is not a good policy to have future generations taxed for expenditures we are making today. And no one has ever contested the necessity of those expenditures, especially for defence, because we know very well that by preparing ourselves and preventing a war we are assuring peace. Even if we have to spend money and send troops overseas, that is a protection because, as I have heard here before, it is better to settle these affairs far away than have an enemy come to this country. It is better to invest our money in preparation than to be forced by lack of preparation to face a war which would be disastrous not only to other countries but to our own country as well.

We hear that taxes are too high. Well, of course everybody knows they are high, but that does not prevent our good citizens from the western part of this country coming along and asking for more expenditures; asking millions for their wheat, for instance, and for other expenses we are supposed to meet. That does not prevent them asking for millions and more millions for the western part of this country. I have no objection to helping settle some of the problems that may be of a national nature, but on the other hand I do not like to see those same people coming along and reproaching us for putting on taxes when a big part of those taxes are to pay what they are asking for their part of the country.

Mr. Blackmore: Can you produce figures to prove what you are saying?

Mr. Dupuis: I am very sorry but I cannot produce figures now for two reasons. First

of all one cannot always have figures at one's finger tips, and secondly, I would not have time for the other remarks I desire to make. Any time the hon. member wants figures on that I shall let him have them. He will be astonished, I am sure, to see how far he went in asking for so much money, and he will be astonished to see how much the western part of this country has cost the eastern part. We never reproached hon. members for that. The hon. member does not know how far he went in requesting grants which were given to his part of the country.

Mr. Quelch: What about assistance on feed grain, $130 million?

Mr. Dupuis: Do you think for one moment that I can answer questions from three members at the same time? There will be occasions when I shall be able to tell you exactly what I think about your requests. I shall endorse the actions of this government in giving grants, as long as the request is based on sound reasons. Tonight I am not ready to do that. In addition to that, I have asked hon. members for their indulgence because this is my first speech in English. It is a little difficult for me to leave this subject, then gather my thoughts and return to it.

Mr. Thatcher: You are doing well; go ahead.

Mr. Dupuis: I thank you, but it is not compliments that I am looking for; but I do not want to get lost or else I shall have to return to French and the hon. member will not understand me.

Then, we have heard the leader of the opposition (Mr. Drew) crying about the thefts which occurred at the Petawawa camp. Of course, there was about $50,000 worth of materials stolen. No one approves of that, but criminal charges will be laid. If hon. members opposite are going to emphasize this little theft, I am going to tell the leader of the opposition as well as the other members in this chamber that this government went through the war from 1939 to 1945 without a scandal. I recall the war of 1914-18, however, when under a Conservative regime there were plenty of scandals. I recall our poor soldiers, who were fighting in Europe for the same principles for which our soldiers are fighting today, being given cardboard shoes. I remember that in the Valcartier camp goods worth thousands of dollars were charged but not delivered, and that was under a Conservative regime.

I do not believe the people should be left with the impression that everything is wrong and no steps have been taken to prevent such thefts. I have been in commercial life myself. Some hon. members are businessmen and realize that thefts cannot be prevented. You know darn well—that is plain English, but I guess it will be allowed here—that some commercial firms even set aside a percentage of their revenue to pay for things that will be stolen. There is no scandal, therefore, in the disappearance of $50,000 worth of goods from that camp. If there is a scandal, it is only a shadowy thing compared with the scandals of the first war under a Conservative regime. I wanted to say that.

I have not heard a word from the opposition about the good things that this government has done.

Mr. Johnston: It has not done anything.

Mr. Dupuis: Tonight I have only about ten items to illustrate the good things that this government has done. If I had more time I could go through all the good things that this government has done.

Mr. Pouliot: Pay no attention to the hecklers.

Mr. Dupuis: I may tell the hon. member for Temiscouata (Mr. Pouliot) that I really do not mind them. They get me used to the atmosphere. I was told when I came here that this house was very, very cool, but I find it is getting hot, so I like it.

Nothing was said, Mr. Speaker, about the good things this government has done. I understand that the opposition is not here to praise this government, but according to the point of view expressed by members on the other side they are not even here to make suggestions. I recall a member of this house going to a convention and saying, "Well, gentlemen, we certainly have good ideas for good government, but we are not going to say much now; we will explain them when the election comes around or else the government will adopt them as they have in the past." I hope hon. members opposite will not reproach this government for the good measures it has introduced because they came from the opposite side. I suppose we shall not hear any more suggestions, because they will wait until the next election.

I consider that one of the duties of the opposition is to make whatever suggestions they believe are for the benefit of this country. If they do not do that, then according to my belief the opposition is not fulfilling its duty.

Mr. Blackmore: You are exactly right.

Mr. Dupuis: I like to get a few suggestions from the Social Credit party, too. I have not heard anything but criticism from them.

Mr. Blackmore: We have everything that counts.

Mr. Dupuis: Perhaps you have a monopoly on good administration, but it has not proven to be so in your province.

Mr. Blackmore: You are just foolish now.

Mr. Dupuis: If you think it is foolish, you can simply laugh at it. Any time the hon. member wants to meet me on any ground I shall be willing to answer him, but not tonight. I repeat that I am not a financier. I am far from being a capitalist, as I know some on the other side of this chamber are. I have always thought, however, that whenever your dollar was the best dollar on the monetary market, that meant good administration. Well, we did not hear any of the hon. members on the other side admitting the high position of our dollar. They would not do it. There is a particular reason for that, and that is that they find it difficult to admit this government has done any good. I am not going to say that everything this government has done has been good. I do not believe the government thinks that is so. But as I said when I first came into this house, when we judge a government or a party we put the good actions on one side of the balance and the bad actions on the other side. We weigh them, and when the good actions are heavier than the bad we vote for that government. That is what the people have done in past elections and that is what they are going to do in the coming election.

Is it not a sign of prosperity when money from foreign countries comes to Canada for investment? If that is not a sign of prosperity, then I know not a thing about finance. Let us take into account the high budgets of the provinces and the municipalities. Where does that money come from? Does it come simply from those provinces or from those municipalities? No, it is a reflection of the prosperity that is spreading right through this country. In 1939, Mr. Speaker, the province of Quebec had a budget of about $50 million —perhaps a little more or a little less, but let us call it $50 million. Now they have a budget of $200 million. Where does that come from? Simply by taxation? No; it comes simply by reason of the prosperity of the country, by reason of the increase in business. We hear all this criticism from the other side of the house. What is the use of all the time running down our country, and of always saying that this country is badly governed? Do you think that it will bring new industries here or will bring new investment capital by going ahead and making that kind of comment on the good actions that have been done by this government? I think it is absolutely against the interests of our country not to place before the public and before other countries knowledge of the prosperity which has been the result of the direct action and the good policy of this Liberal government of which I am proud to be a part.

As to these provincial budgets and municipal budgets which amounted to $50 million in 1939 and which have risen to $200 million, some will say that that is inflation. All right. I do not know enough about inflation or deflation to speak on the subject, but I have lived in a situation which is much worse than inflation, from my point of view, and that was in a depression. I lived in a depression from 1930 to 1940. I was a member of the city council of Montreal and a member of the city executive. The relief costs in the city of Montreal alone were $1,500,000 per month. I would rather have a little bit of inflation than have that kind of depression. Was that under a Liberal government? No; it was under a Conservative government, under a leader who, when he was no longer prime minister, could think of nothing better to do than go to England and invest his capital on the other side.

Mr. Pouliot: With his top hat.

Mr. Dupuis: We have lived in depression times. With all the investment of new capital, with all the prosperity that we have seen in this country, with all our natural resources, we are sure of not living again in such depression times if the people of this country continue to place their confidence in the heads of the Liberal party.

Let us now study the budget, properly speaking. I am not going to deal with all the items; but I have heard so many bad things said about it that I feel I must mention some of the good things. First of all, in my speech last year I mentioned certain things. I am sure that the Minister of Finance (Mr. Abbott) did not allow those tax reductions simply because the member for St. Mary spoke. But on the other hand I realize that he gave what I and some other members asked for, namely, a reduction in taxes on frigidaires, washing machines, radio sets, automobiles, tires, soft drinks and other items. Those reductions will certainly help the family budget. Then in addition, when we passed legislation to abolish resale price maintenance, that was something that also helped the family budget. We can see the effect of it today, because today you can buy a frigidaire for from $150 to $175 less than the former price, taking into account the 15 per cent tax reduction recently announced. There is a reduction of some $75

on a washing machine. That is what I consider to be good administration. That is what I call taking into account the wishes of the people as expressed through their representatives. That is what I call a democratic government, ready to listen to whatever good requests are made to it.

My hon. friends on the other side of the house did not mention all the good things in this budget. There are, of course, some little things that I myself would have liked to see abolished. But on the other hand, I do not think you can expect perfection from a government. I am darn sure—that is the way I talk to my people when I meet them on the street—or very sure, perhaps I should say, that the representatives of the people here would have liked the government to listen to the suggestion made by the hon. member for Winnipeg North Centre (Mr. Knowles) with respect to medical expenses. I myself would have liked to have that four per cent provision removed. But let us hope that this will be done in the near future. I am of the opinion that medical costs should be deductible from the amount taxable. Consider the situation of a man earning $4,000 a year. He pays some taxes. He pays for four years, five years or ten years—and it is only in order that he should do so—and he has no chance of getting any reimbursement. Whatever is left after payment of taxes, he just balances at the end of the year. Then one year he has bad luck, as I recall it, and he has $400 or $500 medical expenses to pay. There you are. He is up against it. He is in a bad situation. I hope this situation will be changed.

I am here to fulfil my duty, but that does not mean that I condemn the government with respect to everything. I am here to say what I think ought to be said. In my opinion this is one of the suggestions that ought to be listened to, and I hope it will be listened to in the near future. It is not only the member for St. Mary who speaks in this way. The other day in *Le Canada,* I read a comment of the correspondent for that paper. For those who do not know it, I may say that *Le Canada* is a Liberal paper in Montreal. I do not think that anybody who knows *Le Canada* will doubt that it is a Liberal paper. They said that some will be embarrassed by the amendment coming from the C.C.F. or the Social Credit group—I do not remember which it was—on the four per cent provision with respect to medical expenses. May I say that I am not at all embarrassed. After all, I am not going to vote against the government, in a vote of non-confidence, just simply because a couple of my points of view have not been accepted and when 98 per cent of the whole budget, under the present circumstances, is satisfactory and ought to be satisfactory to the whole of the people.

I really regret that the Minister of Finance has not seen his way clear to make a greater reduction in the tax on cigarettes. Hon. members of this house ought to know that if there is smuggling—and I am quite sure there is—a three-cent cut in the price of a package of cigarettes will not prevent it. I was under the impression that, in order to avoid all that smuggling, a package of cigarettes in this country should cost no more than 30 to 35 cents. Yet in our province anyway we are still paying 43 cents.

I have here an article published by the flue-cured tobacco marketing association of Ontario, in which it describes the smuggling of cigarettes as having reached unprecedented levels. It states, in part:

> "Few Canadians have any conception of the wide-open nature of this border," says the committee. "It is not only undefended, but as far as cigarette smuggling is concerned, it is also indefensible. Not only are there part-time customs stations which close at designated hours (usually after nightfall), but there are places where several trans-border roads lead through a town on either side of the main road manned by the customs."

The article closes in this way:

> "Even now," the committee quotes a customs officer—

And a customs officer is a government employee who must know what he is talking about. He must know what he is up against when he is trying to do his duty.

> "Even now," the committee quotes a customs officer, "we're too busy checking tourists to chase smugglers."
>
> Citing the "Sherbrooke section" of the R.C.M.P. command as an example of a border hot spot the committee says that there are four or five smug routes into the section for every constable on the local establishment. "Even a cursory glance at a good map will show," says the committee, "that the unguarded roads and trails in the stretches between the ports are a much more obvious feature of the local landscape than the official customs points of entry."

The extent of smuggling is indicated by the number of people one sees every day smoking American cigarettes. I hope the Minister of Finance will be able to see his way clear to make a generous reduction in the cigarette tax. As I said earlier, I make these remarks, not by way of any real criticism of the government, but because it is my view that they should have looked after these two matters more properly. Let us hope that our wishes will come true in the near future.

I will vote against the amendment and the subamendment, because I am not going to support a vote of non-confidence in the government, and place myself alongside those whose ideas I do not share. And I would give

some advice to my hon. friends in other parties: I am a Quebecer, a Montrealer. I know, of course, that those parties would like to have the support of the province of Quebec—and I do not hear anyone saying no.

If I were to vote for the amendment and the subamendment I would be saying, in effect, that these people ought to be supported in their vote of non-confidence against the government. Well, they cannot depend upon my vote, if they insist upon going ahead with the sort of suggestions they have been making in the past.

For instance, it was only recently that the hon. member for Winnipeg North Centre (Mr. Knowles) went ahead with his bill in which he insists upon imposing a divorce court upon the province of Quebec. Yet he knows perfectly well that Quebec has constitutional rights that they are ready to defend anywhere and at any time. So I repeat that the hon. member and his colleagues are not going to engage the confidence of the province of Quebec by acting in that way, and by trying to set aside those constitutional rights to which Quebec is entitled.

Then, other members of the C.C.F. have been making claims for federal grants for education in the provinces. This is another ground upon which federal members should not place their feet, because it touches one hundred per cent upon the autonomy of the provinces. Members of this house know very well that we are very ticklish about the question of autonomy.

After all, we have received some lessons that have taught us to be cautious, and not to do anything that would look like taking away or menacing the autonomy of any province. So I say to these gentlemen that if they wish to have the confidence of Quebec they will have to change their policy; they will have to mind their own business, in a way, and not try to take away from the province of Quebec those constitutional rights to which she is entitled.

We are often told that the federal government is trying to centralize. Well, I do not see suggestions for centralization coming as frequently from any quarter as it comes from hon. members on the opposite side of the house. I believe therefore that it would not be wise for me to give them my confidence, because I am not a centralizer. And because I am not a centralizer I am not going to vote with the champions of centralization in this country. Nor will I support those people who apparently do not know the first thing about all the measures they bring here affecting constitutional rights of citizens in this country.

I have a few suggestions to make. When I rose in my place this evening I had no intention of trying to settle all the problems with which the government is faced. However, I did have a few observations to make and, as it is said in English, I shall proceed to get it off my chest. I hope in doing so I shall not hurt too deeply the feelings of hon. members in other parties. I speak only to explain my conduct, and to give my reasons for voting against the amendment and the subamendment, while at the same time offering some suggestions.

I have received many letters, some of which have come from unskilled workers asking for higher wages. These workers are earning at the present time 82 cents an hour. When one considers the high cost of living, he could not consider that a sufficient wage. The government ought to set an example by paying higher wages to those on low salaries, so that they may make both ends meet.

I know conditions are no worse than they have been under former governments, but it is my duty to ask for an increase, because I represent that class of workers, and I would not be doing my duty if, in my representations, I did not single them out.

As I have said before, there ought to be an upward revision of the salaries of civil servants in the lower grades. It may be that those in higher ranks earn enough so that they do not have serious financial problems. But this is not true of those in the lower grades, and it may be that some adjustment would be proper. I know, for instance, of some people doing a job in one department who find that they are paid less than those doing similar work in another department. Why should this condition remain?

These suggestions are made in all good faith, and in the hope that at some time there may be a revision of the wages of the workers in these lower grades. I would hope that at some time we may have an end to all these war expenditures. There is no doubt, after all that it has done for the aged people, that this government will certainly take into consideration increasing the old age pension, other pensions and family allowances when war expenditures are not so heavy.

I would direct the attention of hon. members to the fact that $40 a month is not enough for the aged. I am sure every member on this side of the house will admit that they cannot go very far on $40. But, after all, it must be kept in mind that there have been some acts of amelioration by this government. There was a time when the aged were receiving only $20 a month. Then it was increased

to $30, and has finally reached $40. The age limit, which formerly stood at 65, is now placed at 70, and without a means test.

These things can be done step by step and I am quite sure in the near future the government will consider the advisability of amending the old age pensions, the family allowances, the veterans pensions and those paid to the C.N.R. employees and government employees. This government has shown its good will and its good intentions, and has actually carried out some of these changes. I do compliment them for what they have done up to now, but I advise the ministers concerned not to stop where they are. They should give attention to the requests being made by these particular classes of people.

There is another matter about which I should like to speak. I do not want to exactly reproach the government about this, but I do want to say that I am not satisfied with the way cheques are sent out in the one language only. It would not cost much more to send out bilingual cheques. There are in my riding people named Smith, Warren and so on who cannot speak one word of English. They find it very difficult when they receive cheques or other documents in English.

I do not want to talk of my own personal affairs, but my wife was named Annie Rafferty and she cannot speak one word of English. Her grandfather who was born in Ireland was brought up by a French family, in fact the family of Judge Cousineau in the city of Hull, and herself always lived in French-speaking circles and spoke French all the time and she just could not understand a document printed in English. I cannot see what good it does to send English documents to those with English names when it may be that they cannot speak English at all.

Just the other day I was speaking to a man in Ottawa named Lefebvre and he could not speak one word of French. I am not in favour of sending English documents to those with English names and French documents to those with French names when we could send out bilingual cheques which would be understood by everyone. In that way no mistakes would be made.

The next matter I want to take up is local in character, but it does have a bearing on the general situation throughout Canada. I refer to the tolls which are charged on the Jacques Cartier and Victoria bridges at Montreal. I understand that these are the only two bridges in Canada on which tolls are charged. The Victoria bridge has been paid for long ago. It is still quite narrow, although it was widened a few years ago. It is used considerably.

[Mr. Dupuis.]

The Jacques Cartier bridge was built in 1930 and it showed deficits up to 1948 or 1949. But, these deficits were not paid for by the dominion government alone; they were split among the federal government, the provincial government and the city of Montreal. As a result the city of Montreal has paid $2,850,000 up to date on the accumulated deficits on this bridge. As I say, the tolls on all other bridges in Quebec and throughout Canada have been abolished. This is an anomaly which should be eliminated.

It is not fair to ask the people of Montreal and the suburbs to pay tolls when people using bridges in other parts of the country do not pay tolls. I will present a motion asking for the abolition of these tolls. If for some reason they cannot be abolished, I would suggest that at least no charge be made for the passengers in the car. I know the Jacques Cartier bridge cost $21 million and there are still a few millions to be paid. If that charge was eliminated it would cost all the country only $233,000, which is not large as compared with $65 million for grain. That would give at least part justice to the residents of Montreal and the surrounding country.

If that cannot be done then I repeat the suggestion I made a few months ago that the province should be allowed to handle this bridge. Perhaps this could not be done in the case of the Victoria bridge because that is used by the Canadian National Railways, but the other bridge is only a highway bridge and it should be under the supervision of the roads department of the province of Quebec. If they were permitted to maintain the bridge it would settle all arguments. Part of the debt would have to be absorbed by Canada, but when you are thinking of justice you should not think only of figures. The chamber of commerce and other organizations in Montreal will be presenting petitions to the government to ask that this situation be corrected.

I do not know whether I should say this, but I am not invited to the caucuses of the Liberal party. That indicates that I am not considered to be a full member of the Liberal party. But I am old enough to have studied the history of my country and while there are many who may belong to political parties without knowing why—I am not referring only to Liberals—I know why I endorse this government. I have found that every time there has been prosperity in this country it was under a Liberal regime. It was under a Liberal administration. I do not know whether it is due to fate or bad administration on the part of the Conservative party but every time we have had a depression it has been when that party was in power. Therefore

why should I choose a party that always brings a depression with it when it is in power and cast aside a party that brings prosperity to the country?

I would not want to terminate my remarks without complimenting the Prime Minister (Mr. St. Laurent) and the Secretary of State for External Affairs (Mr. Pearson) on the honour recently bestowed upon them in having their names placed on a list of twenty-seven persons from among whom will be chosen the Nobel peace prize winner for 1951. The participation of the Prime Minister in the creation of the North Atlantic Treaty Organization and the part taken by these two Canadian statesmen certainly has been the reason for this distinction. I am sure I echo the views of every member of the house when I extend to them our sincere congratulations on this honour.

Mr. O. L. Jones (Yale): Mr. Speaker, I should like to speak for a short while on the amendment to the amendment introduced by the C.C.F. group. I think the subamendment is most appropriate. It is well worded and expresses the sentiment of most members of the house as revealed during the discussion on the resolution referred to in the subamendment that took place some time ago. I should like to place the subamendment on the record again because I think it is rather important inasmuch as it fills the bill with respect to the sentiments expressed by members of all parties and not only of this particular group. The amendment to the amendment reads as follows:

> This house further regrets that the government has ignored the wish of this house, as expressed by a unanimous vote on March 26, that the four per cent floor under medical expenses deductible for income tax purposes should be abolished.

I am one of the vast majority in the house who were amazed and disappointed to find that the Minister of Finance (Mr. Abbott) had failed to implement the expressed desire of members of the house to have the four per cent limitation removed so far as hospital and medical expenses are concerned. While, technically speaking, the resolution adopted by the house only asked for consideration, we felt that during the discussions we had made it quite clear that we sought the complete removal of the four per cent limitation. We felt happy about the situation when the house adopted the resolution and the government, as we thought, accepted the proposal in full.

The parliamentary assistant to the minister has explained that consideration was given but that removal of the limitation had been rejected because it meant a loss of $48 million to the government. In a budget of $4½ billion that means about one per cent. The granting of this relief would not affect the budget in any way. It would merely reduce the anticipated surplus or, on the other hand, the budget could be readjusted in such a way that the money could be found elsewhere. The granting of this request would not in any way interfere with our defence effort as I am of the firm opinion that with careful scrutiny of expenditures a way could be found to save at least the $48 million involved. The fact that $48 million is collected from the sickrooms of Canada, from those who through sickness are no longer able to work, including women and children, fills me with shame and disgust. It was for the purpose of eliminating this feeling of shame that we gave the green light to the government by passing the resolution to which I have referred.

Now that government policy has been decided, the least they can do is to soften the blow for those sick and ailing people who must, because of the nature of their disabilities, procure medical and surgical supplies from outside Canada. I wish to say a few words on their behalf. I suggest that medical and surgical supplies needed for specific treatment and only obtainable outside Canada should be allowed to enter the country tax and duty free. I would accept a provision that there should be a condition that such supplies cannot be procured in Canada. I have here a customs notice that illustrates clearly the heavy penalties that this government imposes on sick people. In this case the victim has had a long and painful illness which has drained his financial resources. During his illness he has had twenty to thirty of these little notices from the customs branch. They come every three or four weeks and are all the same. He gets equipment from the United States that he has tried to procure in Canada but cannot do so. The fact that it cannot be procured in Canada can be verified by his doctor and druggist. It costs him $11.50 but the government imposes a sales tax of $2.30 and a 10 per cent duty of $1.38 making a total of $3.68 which this man has to pay every month.

I should like to place his point of view on the record. I would ask the indulgence of the house in not mentioning his name. I would be very pleased to give it privately to anybody who wishes to have it, but I do not wish to mention it in the house because of the serious illness this man is suffering at the present time. He has sent me these cards and in his letter he says:

> The enclosed card gives details of my last purchase. It does not represent much cash, but it comes up almost once a month. It is when I must

buy a new cup that the fun begins. I almost cried when the customs official asked me to pay $7 odd duty when I bought my last cup. Because this equipment is all patented, the cost to commence with is ridiculous, and then to have sales tax, postage and duty added, it is just not fair. I could have an eye, leg, arm, or most other artificial equipment sent me from the States and no duty payable. My situation is worse, I believe, than those who would be requiring any of the above named. Please continue to press for a favourable decision in this all-important matter . . . The loss of any revenue to Canada on this deal means nothing to them, but it does to me, particularly when I have just reached the stage when I am not able to pay all my monthly accounts when they become due. That is not a very bright picture.

I appeal to the minister to reconsider his decision to retain the four per cent limitation. I ask him to consider the plight of thousands of people in Canada, such as the person whose letter I have just read, who are compelled through no fault of their own to incur medical and hospital bills. I ask him to consider whether it is sound financing to collect $48 million from the sick and ailing people of this dominion thus causing them financial embarrassment on top of their disabilities and ailments. Many cases are made distinctly worse, mental stress is caused, and there is prolongation of the recuperative period because the people involved face these financial difficulties. I ask the minister to stop raiding the sickrooms and hospitals of Canada for revenue that could easily be found among the healthy and productive members of our society. Speaking as a taxpayer, I would gladly absorb my proportion of increased taxes, if necessary, to take care of this particular item. The majority of our three million taxpayers would agree with me and would gladly do likewise. Therefore I urge members of all parties to support the subamendment as an expression of our thoughts on this point.

I should like now to deal with another matter very briefly. I wish to place myself on record as taking exception to some of the statements made last night by my colleague, the hon. member for Moose Jaw (Mr. Thatcher), wherein he urged that certain reductions should be made in social security payments. As a businessman myself I believe I can truthfully say that his statements in this connection do not represent the views of many businessmen in this country. They certainly do not reflect my own views, or as far as I know those of any other businessman belonging to this party. I feel that the hon. member was expressing his own point of view, as he has every right to do; he is not tied down at all.

The hon. member spoke on the assumption that we must reduce certain allowances in order to reduce taxes. I agree that taxes levied on the lower and middle income groups are unnecessarily high, as I will indicate in a moment, and that they should be reduced. But I do not believe for a moment that it is necessary to touch our social services in order to alleviate the present burden of taxes on the majority of Canadians. Indeed, it is a matter of knowing how to apportion in a fair way the expense of government, now that we have an expenditure of over $2 billion for defence. If, for example, the government had imposed heavier increases in personal income taxes at the higher levels, and had imposed an excess profits tax on corporations, the burdens now oppressing the lower income groups certainly could have been reduced. I am sure if the hon. member for Moose Jaw had paused long enough to consider these points he would have adopted an entirely different approach to the subject of reductions in government expenditure.

I wish to go on record as disagreeing with my colleague's contention that a means test should be applied under the Old Age Security Act and in regard to family allowances. In fairness to my colleague I should point out that he did not advocate a return to the old type of means test, but did suggest a ceiling of $5,000. Again I believe if the hon. member had stopped to think he would have seen only too clearly what would be the consequences of such a policy. We have opposed a means test under these and other social security measures in order to get away from the social stigma that is always attached to a person in receipt of a pension given on a charitable basis. The removal of the means test did away with that stigma, and I am rather proud of the fact that it has been removed. I was very happy to learn that the Prime Minister (Mr. St. Laurent) had applied for his old age security pension, by that action indicating to everyone that he was not putting himself above his fellow Canadians. I think the Prime Minister is to be commended on this, and I only hope that everyone, whatever their status in life, will follow his example.

As the house knows, we of the C.C.F. have always favoured an old age pension without a means test. Indeed we were the first to come out and advocate such a plan for our senior citizens. If we have any criticism of the old age pensions now in effect it is that they are inadequate. The present $40 is unrealistic, as it bears little or no relation to the high cost of living. For this reason we have urged that an old age pension of $60 a month should be given everyone 65 years and over. The government will say we are not able to increase those pensions at this time. Others may point out that those in the lower and middle income brackets are already harassed by taxes they cannot now

afford to bear. With this last statement I am in entire agreement. The lower and middle income groups are not only bearing the burden of heavy personal income taxes; it is also they who are most adversely affected by the sales and excise taxes. While we commend the minister for altering the excise tax we cannot help but regret that he did not see fit to reduce the sales tax, for it is this indirect tax above all which oppresses so many Canadians who earn relatively small incomes.

The financing of old age security, for example, should not be made to bear heavily upon those in the lower levels of income, whom the pension was intended to help in the first place. There is no reason why those individuals who make above $3,000 taxable income should have that portion of their income exempt from the social security tax. Why should a person making $10,000 per year, or $20,000 or $50,000, as the case may be, pay a maximum of only $30 for the current year, the same as an individual with a taxable income of only $3,000? Certainly this is an unfair way to allocate the burden of this social security tax. It is on these points that we differ with the government. It is not a question of whether we are able to afford these things; rather it is a matter of apportioning them fairly so they do not hurt those least able to bear further tax increases. I believe in the principle of ability to pay.

With regard to family allowances I am happy to note that my colleague the hon. member for Assiniboia (Mr. Argue) has a resolution on the order paper calling for an increase in these allowances so they will have the same value they had when the act was introduced some years ago. This is another example of our endeavour to increase all social security payments so they will be brought into line with the present high cost of living.

The hon. member for Moose Jaw suggested reductions in civil service pensions. This does not coincide with the policy of our party or with my own views. On the contrary we have urged from time to time that these pensions be increased in view of the high cost of living. As it is now these pension rates, like other social security rates, are meaningless in this inflationary period. Certainly a majority of the members of this party support the efforts of the civil servants to get adequate pensions.

While I have expressed disagreement with some of the statements made by the hon. member for Moose Jaw, I must say he outlined several methods by which the government could save money, and with those suggestions I heartily agree. I have in mind particularly his reference to the costly luxury of maintaining a lieutenant governor in each province, and his request for a survey of all personnel both military and civilian, with a view to eliminating waste and overlapping. No one objects to paying for security, but we strongly object to waste whether in material or in personnel. Savings can and must be made if we are to build up our defences and at the same time maintain our social security and other essential services.

In conclusion may I point out that sheer necessity has forced us into a position that calls for a budget of $4,500 million, the highest peacetime budget in our history. Last year it was slightly less, but the people paid up willingly and handsomely, and we wound up with a surplus of close to $700 million. They will do the same thing again. There may be some grumbling, but very little; and this has been the case because we recognize the emergency. Should we ever again be faced with domestic problems such as we faced in the thirties, never let it be said that we cannot find the money to ease the situation. That fallacy has gone forever, as we have proved in the last two years. We have done it now and we can do it again.

Finally I commend the government on its pay-as-you-go policy. I think that is a sound way to carry on. When the emergency is over the government will find that the people have higher incomes, and possibly they will have a billion or two not needed for defence which can then be used to build homes for the lower income groups, so capitalized that they can be owned outright in a period of ten or twenty years. Keep up the high rates of taxation for a year or two until the housing needs of all the people of Canada have been financed with the money now going into defence production at the rate of $2 billion a year.

Mr. A. W. Stuart (Charlotte): First, Mr. Speaker, I wish to congratulate the member for Moose Jaw (Mr. Thatcher) on the honest and able address he presented to this house last evening. I say that very sincerely because, as you know, my remarks are not always in praise of the government. For that reason, I realize it is not always easy to express one's honest opinion. Last evening we heard the member for Moose Jaw deliver a speech which rang with sincerity, and I believe he is to be congratulated by all those who were privileged to hear him.

For a few moments this evening I wish to deal with a problem that is perhaps outside my province, but one which has been misrepresented in this House of Commons. I

refer to the cheese producers of Ontario. From information I have been able to obtain, I am convinced that it would be most difficult to arrive at a conclusion as to what this federal government could do about this situation which has been brought to the attention of the house on several occasions. The greater part of the cheese which is produced in Canada comes from an area between London, Ontario, and Three Rivers, Quebec, and the greater part of that would be manufactured in Ontario. May I remind the house that cheese is also produced in the maritime provinces, and the quality of that cheese is second to none. For that reason, I am making my few remarks at this time.

When I came to Ottawa in 1945 cheese was being marketed by the federal Department of Agriculture under a floor price which had been established under a wartime regulation in order that Britain's requirements would be met. From 1945 until 1950 this federal control was bitterly criticized by members sitting in the Progressive Conservative group. Their arguments were, and they are still on the record, that if cheese were taken from under federal control the price would automatically increase by 10, 20, 30 or 40—there were suggestions that it would even increase in value by 50 per cent. Month after month and year after year we listened to that criticism. In other words, the cheese producers did not appreciate this assistance from the federal Department of Agriculture. Consequently, two years ago, the Ontario cheese producers took the matter entirely out of the hands of the federal government. At this point I wish to add that the Ontario government had every right under our constitution to take this action. I believe no one would question their authority. I might add also that this is not the first time action of that type has been taken by the government of Ontario.

I remember some few years ago—I believe the leader of the official opposition (Mr. Drew) at the present time was the premier of Ontario then—it was decided the federal authorities had no judgment whatever so far as marketing Canadian products in Britain was concerned. There was a lot of comment in the press at that time, and it was very interesting reading. For that reason Ontario House was set up in the city of London. The staff was recommended and placed there by the government of Ontario. According to press reports at that time it appeared as though that organization would be able to sell ice to Eskimos. I could give another illustration. Shortly after the last war when we were bringing immigrants to this country from Europe, Ontario decided that the federal plan was outdated. The only thing that province could do was to set up its own system, and that was done. I do not believe we have any reason to criticize that action. I think the province had complete authority to do it. It would appear that on many occasions the government of Ontario has decided it was much more capable of handling problems than the federal government was. Again I say that I do not believe the federal government had any authority whatever to interfere in any of those activities I have mentioned.

Since the question of cheese production and marketing in Ontario has been discussed in this chamber on several occasions, I have endeavoured to find the answer to this problem. I am always interested in the welfare of the primary producers of this country. From information I have been able to obtain, it would appear that after the government of Ontario took the matter entirely out of the hands of the federal government—and this at the request of the cheese producers of Ontario—they established a floor price of 36 cents a pound for cheese. This action was taken just previous to the last provincial election. The results of that election would certainly indicate that the cheese producers of Ontario approved of the action taken by the provincial government. It would appear that the producers were happy over the 36 cents per pound floor price.

After the election, however, it was apparently found that the 36 cents per pound floor price was impossible to maintain. After having supplied the best markets in Canada these same producers, who were so dissatisfied with the treatment the federal department accorded them, again came to the federal government requesting it to take over their surplus production. This government is regularly criticized, and is now being criticized, for sunshine budgets just previous to elections and for lemon budgets just after elections. We have heard those expressions used in this chamber. After the ballots are counted, however, and the results of a federal election are known, I would suggest that not a single case can be found where the federal government has ever gone to a provincial legislature requesting it to pull federal chestnuts out of the fire—in other words, passing the buck to the provincial legislature. It seems, however, that that does not apply when the shoe is on the other foot.

It would be most difficult and most unfair for the federal government to take over the surplus cheese in Ontario after, as I have said, the best markets have been supplied by this Ontario co-operative, and then have the federal department attempt to sell that surplus in competition with other cheese-producing provinces. The Ontario cheese producers asked the Ontario government for special

legislation to set up that co-operative to deal with cheese. The co-operative had the authority to compel delivery, and also to establish prices. If previous to the provincial election the floor price was set too high, why do the federal Progressive Conservative members now endeavour to hold the federal Department of Agriculture responsible? In my opinion this is an unfair advantage to try to take in this House of Commons. Under our constitution—and, I might say also, at the request of the cheese producers of Ontario —this is purely a problem for the legislature of that province. It in no way relates to this government.

Last year the Minister of Finance increased the tax on cigarettes. At the same time he placed a special tax on stoves, refrigerators and other household appliances. After a fair trial, which was a year, he decided—in this budget which was just brought down a few days ago—to remove the amount of the increase of 1951. Why does the provincial government of the province of Ontario refuse to acknowledge their mistake with regard to cheese? The federal Conservative members endeavoured to place the full responsibility for this mistake at the door of the Department of Agriculture here in Ottawa.

In conclusion, might I say that the Ontario government has established a floor price. This same organization compels the producers of cheese to deliver their product to the provincial co-operatives. Why should the federal government try to establish another floor price which would undoubtedly be below the one set by the provincial government of Ontario? Then the federal Progressive Conservative members could stand up and say: Your federal Department of Agriculture is responsible for the reduction in the price of cheese. To my mind, that is exactly the thing they are working for at the present time. I feel that the Department of Agriculture has every right in the world to deny them that privilege. To begin with, the federal government have no legal authority to do this, and I would not approve the federal government's going into the cheese business, not only in competition with the Ontario board but also with all other Canadian producers.

This information that I have taken a few minutes to put on the record this evening is a true picture of the action taken by the cheese producers of Ontario since 1945. Those who have criticized the federal Department of Agriculture for present-day conditions in the industry are well aware of the fact that they are dealing with a matter which is purely a problem for the provincial government of the province of Ontario and not for the federal Department of Agriculture.

Mr. G. C. Nowlan (Annapolis-Kings): Mr. Speaker, I am sure that this round of applause is for anyone who has the temerity to speak after ten o'clock. I trust by next week this house will have recovered the sanity which it showed during last session and will arrange to adjourn at this time so that no one else will be subjected to that ordeal.

Mr. Fournier (Hull): Hear, hear.

Mr. Nowlan: I speak particularly to the hon. member for Hull (Mr. Fournier) who now so sympathetically and loudly says "hear, hear".

Mr. Weir: Will you reduce your speeches to thirty minutes?

Mr. Nowlan: I will on this occasion, at any rate. However, Mr. Speaker, in rising to speak on this matter of the budget, I first should like to congratulate the Minister of Finance (Mr. Abbott) on the, as some others have said, admirable footwork which he displayed in delivering his address. Certainly it was a physical task of considerable dimension, as we all realize. I think he spoke for almost two hours in a way which held the interest of the house and reflected credit on himself at least in so far as the manner of his delivery was concerned. While I am speaking on manner of delivery, may I say that I think perhaps an encomium of praise should be passed out to the parliamentary assistant who spoke later on in the debate and who formerly on some occasions, like Don Quixote tilting at windmills, aimed his lance at every person who stuck his head up beyond the desk in this house and struck at him at least loudly and violently, if not always wisely. On this occasion he showed discretion, discrimination and a statesmanlike approach which suggested to me that he felt that possibly the hon. member for Springfield (Mr. Sinnott) had developed such talents as a financial critic that his position as financial assistant was in jeopardy and that in the case of the retirement of the present minister, possibly the hon. member for Springfield would be made minister of finance, rather than the parliamentary assistant. I think that consideration is undoubtedly responsible for that temperate display which we witnessed here the day before yesterday.

I am, of course, not going to refer to all of the happy allusions and appellations which have been used, from "Abbott's rabbit" to a score of others, or to what some have called a Hallowe'en budget. But certainly when the minister referred to this illusory reduction

of income tax, I remembered that ditty which some of us heard many years ago:

> Last night I met upon the stair
> A little man who wasn't there.
> He wasn't there again today.
> My, how I wish he'd go away!

I am sure the reduction of 6 per cent which was presaged in the early part of the speech was something like this illusory man of which we have heard.

There is certainly no question that this country is suffering from a tremendous load of taxation. I am not going into the merits of that matter tonight, except to reiterate what was pointed out by the hon. member for Eglinton (Mr. Fleming) the other day, namely, that the reductions which were made and for which the minister took credit, were reductions of taxes which had been protested a year ago by the financial critic of the opposition, the hon. member for Greenwood (Mr. Macdonnell), the hon. member for Eglinton and all others on this side of the house. It is true that certain reductions have been made, but those were reductions in taxes which never should have been imposed in the first place.

When one today sees someone attempting to take credit for having reduced these taxes, shall we say, on electrical appliances, one must also think of those unfortunate young people who perhaps during this year have married, established homes for themselves, have bought those appliances with those additional taxes imposed on them, and who now find that through a vagary or a whim of the Minister of Finance, someone else who has established a home this year fortunately will be able to replace them or buy them without paying the same taxes. Certainly there has been placed on some of those people a burden which I do not think they will forget too soon.

Not only is this tax burden a heavy one which, as the hon. member for Greenwood pointed out the other day, amounts to $1,715 or more than that on the head of every family in Canada, in federal taxes alone. That is a substantial burden. People talk about this country being prosperous today. They talk about the bank deposits. I am sure that some of these bank deposits will increase on the 30th of this month when some of us have to go to the bank and borrow money with which to pay our income taxes. In the return for that month you will perhaps find a substantial increase in the bank deposits, but I think that most of us will find that it is an exceedingly illusory one indeed.

I want to speak for a moment about the way in which this tax is applied, with regard to the primary producers, the farmers and the fishermen who, as all those conversant with the act realize, have the so-called right to average their taxation over a period of years. I am not going into the technical provisions of that act, Mr. Speaker; but as most hon. members perhaps know, there were two prerequisites. First, you have to file your return on time every year; and that is certainly a proper one. Second, you must afterwards make application. You must apply for the right to average. I am suggesting this. If the farmer or fisherman is entitled to average if he files his return properly, why should he be debarred from taking advantage of that right merely because of his technical default in making application before the 30th day of April in any particular year? What it means is this. The primary producer—the farmer or the fisherman—who has a large income or who possibly has had in other years, and has to hire an accountant or someone with business experience to make out his return for him, is advised of that provision. He makes his application, and thereby can save a substantial amount of money over the years in payment of his income tax. But someone else who does not know of that provision, a smaller farmer or fisherman, who is not in the financial position to employ auditors, perhaps does not know about that. In this way he is debarred. And even those who do know about it sometimes suffer inadvertently.

I can think of one primary producer who employed an auditor to make out his income tax return. This auditor had done so for years. He had an application for averaging. But apparently, on the night of April 30, he forgot to mail it, and did not mail it until the first of May. As a result of that, this farmer suffered an increased tax of over $1,800. That was the result because of this default on the part of a person, one who possibly is responsible in damages in a civil action, if it were instituted. Nevertheless it was not the fault of the producer.

I am suggesting that the act should be amended so that those primary producers should have, as of right, the opportunity to average without having to go through the technical process of making application therefor.

And in that connection I wish to make one reference to the practice in connection with these income tax returns of primary producers on a net worth statement. The farmer will file an income tax return honestly and properly, but the department may raise some objection, or may feel that the returns

have not been properly prepared. They investigate that man's affairs, they prepare a statement of net worth, and the farmer is assessed on the amount they state. He faces a situation—and this could apply to a fisherman—where he must either pay on the statement of net worth, or lodge an appeal. Usually the amounts involved are such, and the distances from courts are such, that the persons affected just cannot appeal.

I must say that although I believe most of the officials in the department are fair and reasonable, I doubt if they all are. And in some cases I think they have been most unreasonable. Let us consider for a moment the situation of a farmer in my own constituency, where their apple trees were removed and where, because of the loss of the British market, the returns from the orchards have tremendously depreciated. Yet, in a net worth statement those orchards are carried at exactly the same value as they were in 1944 or 1945, the original year when they started the net worth provision.

They refuse to reduce those values. And if a farmer has received money in respect of trees pulled out, those capital sums are included in income, so that the poor farmer loses in both ways. His farm is maintained at the same artificial value, although he has no trees, because the trees were removed. And then the money he got for the trees is included in income. There is a situation such as that in connection with this net worth statement. I suggest the department should make careful investigation, and that certainly some change should be made.

Now, departing from that phase of the matter, and returning to the budget, as such: The parliamentary assistant the other day, closing his remarks, referred with not unbecoming modesty to the wonderful position in which this country finds itself, and he asked if there was anyone anywhere who could boast of living under happier circumstances than the people of this country.

Well, I wonder if that applies to the farmers of Canada today. I wonder if those who, shall I say, are growing beef in this country, with their market in the United States lost to them, are facing the situation with that high degree of equanimity and satisfaction to which the parliamentary assistant refers. I wonder if those who are in the poultry business are in that happy frame of mind.

Only the other day I talked to a farmer who, to a rather considerable extent, has been engaged in poultry raising. In other words, he was operating a one-man poultry farm. He told me he formerly employed help to the extent of two or three people, and informed me further that, by discharging his help and doing all the work himself, at the present price of eggs he could pay himself about $2 a day wages. But he told me that if the price of eggs dropped another cent he would not be able to pay himself even that much. I do not think he would join in this paean of praise in which the parliamentary assistant indulged the other day.

And would those who are engaged in the dairy industry? Do they feel about it that way? Certainly the apple producers in the east and in the west who are facing loss of market, and a chaotic situation generally, are not too happy about it. They are not too pleased with the situation in Canada today.

I am sure there are many others employed in various lines of industry who would not share his views. For instance, let us consider the textile industry. I do not think they would say Amen to all that was said the other day by the parliamentary assistant. The same would be true in eastern Canada in respect of almost every category of employment.

It is all right to talk about figures. There is no doubt that the figures supplied by the dominion bureau of statistics show increases in bank deposits, in savings and in wages. That is all very fine. The figures are there, and no one questions that on an average they represent a satisfactory situation in many places. But neither could there be any question that, in respect of the citizen in the white-collar class, or the man on a pension, or the teacher, or the clerk—indeed, the great army of people who have no unions representing them, and who perhaps have no spokesmen speaking on their behalf—it would be true to say that they are being crushed today by the burden of taxation, a burden which for them has become almost unbearable.

They do not find the situation as happy as one might think. And speaking of the dairy farmer, may I refer again to a matter which may be only of local interest, although I think it has wider implications. All hon. members know what happened last year in the United States when the American congress added a rider to an appropriation bill placing an embargo on the importation of cheese.

We do know that our government has moved very softly in the matter—and I think properly so—in the hope that an adjustment will be made. And possibly it will be made. Certainly in so far as the executive branch of government in that country is concerned, there can be no question but that there is a wish to rectify the situation. But sooner or later, Mr. Speaker, our government may

have to take positive action. And if that time comes, the only thing that will be understood will be action by way of severe reprisal. We have to show that we, too, can take certain definite action. And if that time comes, then I suggest to the parliamentary assistant one field, although perhaps a limited one, where action could be taken to rectify the injustice from which we are suffering today, and which would highlight the fact that we will not always rest patiently until the American congress rectifies situations that may develop.

And, in passing, I need not emphasize the fact that this simply highlights the danger which has always confronted us, that with our unbalanced trade position today, and our dependence upon the American market, what was done in respect of cheese last year may be done in connection with other products next year. I shall develop that to somewhat greater length in a moment. There is an absolute and direct responsibility upon this government to do something to rectify that situation, so that we will improve the balance of trade between the two countries.

I was about to make reference to one little industry involving only a few hundred people —and I know the minister from Nova Scotia will be conversant with the situation. It is one of tremendous importance to the people affected. We had developed during the war years in Nova Scotia—and I know there are other branches of the industry in other parts of Canada—a cranberry industry which was of great importance to a substantial segment of the population of my constituency. Overnight this government—whether it was wise or not is not for me to say—removed the restrictions in connection with the importation of American cranberries. I have suggested to the departmental officials, and I believe what I have said could be substantiated, that the product has been dumped in this country. But even if the anti-dumping provisions on our statute books were brought into effect, they would not give us the protection we need. I am suggesting to the parliamentary assistant to the Minister of Finance and to others who will be responsible for administration that if this injustice, this violation of every treaty and every agreement respecting the importation of cheese which occurred last year is continued and if reprisals have to be brought in there is a small but direct way in which this injustice to our own people can be rectified. The lesson can be hammered home to the producers of that product in the United States who are very sensitive to the necessity of maintaining markets and I think a real injustice could be rectified and something done which would be of benefit to our own producers. I hope some action will be taken along that line in the near future.

Then may I say a word with regard to a matter of policy of this government. The dairy industry, the poultry industry and other industries in eastern Canada are dependent upon the importation of feeds and they need to know whether this government is going to maintain freight assistance on the transportation of these grains. We have to have that if we are to maintain our industries. Some think of my constituency as specializing in the growing of apples. It did at one time and I hope it continues at least to maintain an interest in that industry during these trying times, but we also are producing today millions of dollars' worth of dairy products, beef and poultry. In Kings county alone over $1 million worth of hogs were produced last year. If time permitted I could go on to give figures indicating the development of the agricultural program in that valley.

The centre and core of that is dependent to a substantial degree upon the bringing down of feed grains from western Canada under the present freight rate assistance policy. We should know whether that is going to be continued. If it is discontinued nothing less than tragedy will occur. Last year I raised the matter when the estimates were before the house. The Minister of Agriculture (Mr. Gardiner) happened to be away but his parliamentary assistant stated that he thought this would become a permanent policy. It was raised in the house a little while ago and the Minister of Finance (Mr. Abbott), with his bland smile and genial personality, said that it would be continued to June 30 and that after that consideration would have to be given to what was going to be done.

You cannot produce eggs or raise hogs and chickens if you have to wait until June 30 to know whether to cut off their heads. Surely this government should be able to make up its mind with respect to that policy. I urge that some direct action be taken so that we can have this situation corrected before too long and then be able to plan knowing that the policy will be there and that he will have at least that amount of assistance on which to depend.

I mentioned a moment ago the necessity of shifting the unbalanced trade pattern which confronts us today. Our exports to the United States are increasing while our exports to the rest of the world are going down, particularly those to the sterling area countries and the British market upon which we in the east are so dependent. I know that there are times when there has been some criticism because Great Britain does not buy more from us.

There has been some feeling engendered in that direction and I think it is only right that we should know the facts. I have here a copy of the *Economic Record* published by the United Kingdom information office and it contains some facts which I think should be on the record. Before the war Great Britain had an overseas investment of £80 per head of its population. By the end of the war that had changed to a deficit of £55 per head. The loss of the income from dividends from that tremendous investment is largely responsible for the position in which they find themselves today.

We hear much about United States investment in this country, and we are glad to have it. As the hon. member who preceded me a little while ago pointed out, were it not for the United States investment in this country our dollar position would be as bad as it was four or five years ago. We hear very little about British investment in this country. On looking at this publication I find that whereas the United States investment was over $6,665 million, the British investment in this country is over $1,720 million. On the basis of population of the two countries Great Britain has invested a greater proportion of her national wealth in Canada than any other country in the world.

We are now facing a position where it is very difficult for us to export our products to that country because they have no money with which to pay for them. Our exports have been falling off, and Canadian purchases in Great Britain have been dropping steadily according to this report. In 1951 Canadian buying averaged $31·9 million per month, but this year it is running at $22·5 million per month, for the first two months. In 1951 Great Britain purchased from Canada an average of $60 million per month. I think some thought should be given to this matter.

It has been brought out in evidence within the last few days that a Centurion tank can be purchased in Great Britain at a saving of over $60,000 as compared with the cost of its counterpart in the United States. I think all the authorities agree that the Centurion tank is more efficient as a fighting weapon than the nearest counterpart coming off the United States production line. A saving of $60,000 per unit is quite substantial and we would also create purchasing power in Great Britain for our primary products.

I urge that this government purchase more goods from Great Britain through the Department of Defence Production and other departments so that purchasing power can be created in that country. It is not merely a matter of sentiment and tradition, important though they may be; it is a matter of dollars and cents. We need markets so that we can shift this trade unbalance which at present exists. The only way we can do it is by making purchases there. In that way a tremendous amount of purchasing power can be created. I think this government with its powers to negotiate could make certain that when supplies were purchased a certain proportion of the money paid would be earmarked for the purchase of Canadian fish, Canadian apples, Canadian cheese and other primary products.

As far as I can see it is only in that way that we are going to make progress along this line. We in this party have suggested a commonwealth conference to deal with trade matters. I think that is essential, but here is a step which can be taken at once and if taken would be of great assistance.

I am not going to attempt to follow the hon. member for Charlotte (Mr. Stuart), who has just left the chamber. He referred to the actions of the Ontario government and the leader of the opposition (Mr. Drew) when premier of Ontario in connection with the cheese producers of that province. I could not quite follow the hon. member and I am not sure whether he was making a speech for the cheese producers of Ontario or for some Ontario member who did not want to make it. I do hope he will be more successful speaking on behalf of the cheese producers than he was when he spoke on behalf of the fishermen of New Brunswick and Nova Scotia and made his appeal some little while ago. I as a Nova Scotian am somewhat disturbed and rather ashamed of the fact that we have a government at Halifax and a government at Ottawa that apparently, because of some little internecine feud or jurisdictional dispute, cannot even determine who is going to assess the damage done by these storms concerning which such moving appeals were made by the hon. member for Charlotte (Mr. Stuart) and others in the house when the address in reply to the speech from the throne was before us. We noticed in the press the other day that there has been a conference, that the federal government is waiting for the provincial government to ask it for aid, and that if asked they are prepared to assess the damage. I hope some action will be taken along that line in the very near future to repair the damage done by the storms.

Our fishermen along the Atlantic coast also feel, as our other primary producers do, that when they are confronted with a problem there are delays. A disaster takes place in the Red river valley, an outbreak of foot-and-mouth disease occurs, and assistance is

made available, and quite properly so. Assistance can be obtained for the western wheat grower. Their plight only has to be raised on the floor of the house and our friends from the western provinces close ranks. Then inside of a week or two weeks the necessary moneys are voted and it is all over.

We hear these terrible sobs and cries from western members about the plight of the western farmer. We appreciate their plight and sympathize with it, but I think those of us from the east on all sides of the house sometimes feel that our own primary producers have suffered disasters and have not received the treatment which would have been accorded them if they had happened to live in another part of Canada. Last year the fishermen off the Atlantic coast did not suffer a disaster because of a storm but they just did not catch any fish. There were none, and they did not come appealing to the house for help. Now, however, there is a situation which requires attention.

When the minister was in Nova Scotia the other day he made a suggestion which I think is a constructive one and may have some merit. He suggested the working out of some form of insurance with respect to these things. But let us get some action on these matters, and I suggest that we want to avoid internecine feuds and wrangles and get a clear-cut policy between the federal and provincial governments so that in the matter of storm relief as well as other matters there may be more direct action in the future. These jurisdictional wrangles are of interest with respect to another matter which I have mentioned before. I will not say I feel deeply about it because it is a matter of viewpoint or perhaps a matter of the imagination. However, I want to refer to it because the solution of the problems of those of us from the east—and we have our problems—is centred to a certain extent upon the development of power.

With the Canso bridge going in and the satisfactory development of the steel industry, I believe we can have primary industries and that secondary industries will follow. This will go a long way toward solving the economic problems of the maritimes. However, we need power, and I have enough vision, perhaps enough Irish in me and enough speculative imagination to think that the development of atomic energy may be the solution of our power problems in the maritimes. Obviously that form of power will not be desired by the central provinces within the next few years because they are going to invest so much money in the development of hydroelectric energy. Therefore they will have to safeguard their investment and will not want to see the development of power from atomic energy take place too rapidly in central Canada. Therefore we will have the opportunity of developing the use of atomic power in the east along the Atlantic coast. I was speaking the other day to a gentleman who is very close to this matter. He is one whose name you all know and he did not only say this to me but to many others. He said publicly that the development of atomic energy in Canada was such that one could visualize it in the same way as if the Kitty Hawk plane of Orville Wright's days were transformed within three years into a big United States bomber of the last war. He said if you could envisage such a transformation you could get a picture of the development of atomic energy in the industrial field that they can foresee today. All that has been done within these past few years. If we have no internecine feuds between the provinces and the federal government, if we can get the use of atomic power developed in the maritimes, then I suggest these provinces will again take the position in the economy of the country which they had before confederation when they really carried the country. Possibly our friends from the central Canadian provinces, who today are enjoying such tremendous wealth, may find that they will be only cousins although perhaps not poor cousins. They will find that our standard of prosperity will be equivalent to that maintained in the rest of Canada.

Mr. W. D. Wylie (Medicine Hat): Mr. Speaker, in rising to take part in this debate I do so with considerable knowledge of how many residents of my constituency feel about the budget presented by the Minister of Finance (Mr. Abbott). I can assure you that I am not going to try to describe it in the house. In the first place I would not want to, and in the second place, Mr. Speaker, I am sure you would not allow me to do so.

Mr. Fleming: Give it a trial.

Mr. Wylie: However, they were very disappointed. They say it is a very disappointing budget. The people who pay personal income taxes were sadly disappointed. After listening to the minister say that we were going to get a 6 per cent reduction in income tax it certainly upset them to find there was an increase. I believe the figures that have appeared in most of our daily papers are correct. There is no need for me to go over them again. The minister and his parliamentary assistant know them quite well.

I listened to a speech tonight with which I must take issue, that of the hon. member for St. Mary (Mr. Dupuis). He spoke about western farmers getting so much from the provinces of Quebec and Ontario. He did not

mention the $65 million but he hinted at it and we knew very well what he meant. May I suggest to the hon. member that he look at the record and find out the losses that the grain growers of the west, wheat growers in particular, have suffered during the last few years. He may have often wondered why you can buy bread so cheaply. I would not be a bit surprised at that. The reason for that is that the farmers, who comprise one-third of the population of this country, subsidized the rest of the country by supplying cheap wheat. I think that is a statement that cannot very well be contradicted. The wheat farmers of the west are in a very precarious position today. As a matter of fact they do not know just what to do. The year 1951 was a good growing but a bad harvesting year. In the province of Alberta today approximately 56 million bushels of wheat and 71 million bushels of coarse grains still remain unthreshed. When a province suffers in that way it is a national disaster. It is true that in parts of Alberta they are doing some threshing and some of the wheat is turning out not too badly, but it must be remembered also that in the southern part of the province, from a line drawn south from Red Deer, we have had more rain than for many years. All the lakes are full; the sloughs are full, and the fields are under water. Much of that crop is ruined.

I am not blaming the federal government for that, of course, but I am suggesting there is something wrong when a member from one of the eastern provinces gets up in this house and says we are giving the western farmers so much money. I would ask the house, if it had not been for western Canada where would the Cockshutt Plow Company be, where would the Massey-Harris Company be, where would the International Harvester Company be, and many others? In my travels around Ottawa I still have to see as much machinery as is used out west. In the smaller villages in this vicinity I have not seen machinery piled in the yards as it is out in Saskatchewan and Alberta. It must be remembered that all this machinery is produced in Ontario and Quebec, yet the best market for it is in the western provinces. What about cars? When we buy a car at home we pay $226 freight from Oshawa to Medicine Hat on a Chevrolet, the cheapest car you can buy. Ontario people can go to Oshawa and pick up a car without paying any freight. The trouble is that we are hooked both ways. We pay the freight on our grain to the head of the lakes and we pay the freight on our cars and machinery from the point of distribution to the point of delivery.

Mr. Blackmore: And all the freight goes to Ontario and Quebec.

Mr. Wylie: That is something the eastern members must realize. It is something many of them do not appreciate. When the dominion government, or should I say the wheat board, was prepared to pay the western farmers $65 million of their own money, why should the west be criticized for accepting it? Don't try to tell me that money came out of taxes. If that was the case I would like the parliamentary assistant to the Minister of Finance to tell me so. I believe that came out of the wheat board.

Mr. Blackmore: It came directly out of the farmers.

Mr. Wylie: Certainly it came out of the farmers; it was their own money. Every time we hear that sort of thing in the house I really boil over, because it is not fair; it is not playing the game, and it is not helping bring about the unity we should have in this country. We know very well we cannot get along without the east. Surely the east must know they cannot get along without us.

Then just a word about coarse grains. What about the freight on coarse grains that has been paid by the government? We do not hear very much about that, though I remember that one night the right hon. Minister of Agriculture (Mr. Gardiner) spoke to the hon. member for Leeds (Mr. Fulford) about it and put him in his place. When the minister speaks he usually knows what he is talking about. He certainly did that night, because he showed exactly what the farmers in Ontario and Quebec had received by way of freight assistance on feed grains.

An hon. Member: $110 million.

Mr. Wylie: It was twice that. We do not object to that. If the government wants to do it that is its affair, but that money comes out of the taxes we pay. When the farmers out west received $65 million from the wheat board that was their own money, and they were entitled to a lot more than that. They should have received many more times that amount.

Today the wheat farmers are paying too much for what they buy and getting too little for what they sell. We hear about the cost of living coming down. Sure it has come down, but on what? On what the farmer produces. It is true that if you buy a new car today the price has dropped somewhat. All the government did was to take off 10 per cent in excise tax. But today many people cannot afford to buy new cars. Many farmers cannot afford them this year; they

did not get their grain threshed last year and may not get it threshed this year. I would suggest to the government that it is about time the wheat board gave the farmers a little more for their wheat; and it is just about time one-third of the population, making up our basic industry of agriculture, stopped subsidizing the rest of the people so they can have cheap bread.

We have heard a lot about family allowances, old age security and almost everything else in this debate. Sometimes it does not hurt to repeat what has been said; but in view of the fact that it is going to take me considerable time and I cannot possibly finish by eleven o'clock, I move the adjournment of the debate.

Motion agreed to and debate adjourned.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull) moved the adjournment of the house.

He said: On Monday the Prime Minister will move the notice of motion which appears in the *Votes and Proceedings* of this date, taking Mondays away from private members. However, it was understood that on that day we would proceed with the business of private members for three hours and thirty-five minutes from the moment we got to the orders of the day, since that was exactly the time that was taken up on the motion to set up the committee on redistribution. As soon as we are through with private members' matters we will continue the debate on the budget.

Motion agreed to and the house adjourned at 10.50 p.m.

HOUSE OF COMMONS

Monday, April 28, 1952

The house met at three o'clock.

RAILWAYS AND SHIPPING

CONCURRENCE IN FIRST REPORT OF SESSIONAL COMMITTEE

Mr. Hughes Cleaver (Halton) presented the first report of the sessional committee on railways and shipping owned, operated and controlled by the government, and moved that the report be concurred in.

Motion agreed to.

BUSINESS OF THE HOUSE

PRECEDENCE OF GOVERNMENT BUSINESS ON MONDAYS

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, in accordance with the oral notice given by the Minister of Public Works (Mr. Fournier) last Thursday at the close of the sitting, and as published in *Votes and Proceedings* for Friday, I move:

That on Monday, April 28, 1952, and every Monday thereafter to the end of the session, government notices of motions and government orders shall have precedence over all business except the introduction of bills, questions by members and notices of motions for the production of papers.

I would hope, however, that it might be understood that there would be allotted today as much time to private members' business as was taken last Monday to deal with the motion to set up the committee on the readjustment of representation.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, if there were any reason before us why the motion should be adopted at this time, I would be prepared to support it, as I think many other members would. On other occasions in the past similar motions have received assent from members at a time when it was clearly demonstrated that urgent matters required consideration. But no urgency—and I submit this to hon. members—has been demonstrated, and no such case has been presented to us. On the contrary there are many reasons why the rights of private members should be preserved, in this as in other sessions.

This session has followed a pattern which surely calls for the attention of all members. Tomorrow we will be into the third calendar month of the session. Outside of the strictly formal bills which were called for following the approval of the supplementary estimates, the only measure placed before the house for consideration by way of legislation is a bill that was introduced at the very outset to deal with an emergent situation which had arisen because of the outbreak of the foot-and-mouth disease.

It is not necessary to say that there was an extended debate on the speech from the throne, or that there has been already a debate for some days on the budget. Those debates of necessity were more extended, and doubtless the discussion was more discursive, because no direction has been given to the business of this house since the session began on February 28. There has been no pattern, there has been no lead, there has been no indication to hon. members of the things they would really be called upon to discuss except for those private measures, either by way of bill or by way of motion, brought forward by private members.

It is true that we had a discussion on external affairs and national defence. It is true that after repeated requests the Prime Minister (Mr. St. Laurent) indicated the concurrence of the government in the suggestion that had been made that there should be separate debates on external affairs and national defence. But the effectiveness of those debates was to a great extent stultified by the fact that, for whatever reasons may have been put forward, the Secretary of State for External Affairs (Mr. Pearson) saw fit to address a club in New York just a few days before that debate when every subject that could be brought forward was brought forward there. Then a few days later he went on the radio over a national network and devoted his attention largely to one party in this house in a manner which introduced a spirited debate on what the motives of that party really were.

Some hon. Members: Order.

Mr. Drew: It is interesting to notice the measure of impatience that is displayed by members of this house the moment any suggestion is made that they should follow the rules which have been established for some time.

Mr. Cleaver: Speak to the motion.

Mr. Mutch: Right now you are out of order.

Mr. Howe: What motion are we speaking to?

Business of the House

Mr. Drew: I propose to follow the course of my remarks until such time as Your Honour indicates that in your opinion they are not in accordance with the motion before us. There is only one Speaker in this house, and I do not intend to accept direction from cabinet ministers or other members as to the subjects I shall debate in this house.

An hon. Member: Usually out of order anyway.

An hon. Member: Blue Monday.

An hon. Member: Blue for you fellows, all right.

An hon. Member: Carry on.

Mr. Drew: Fortunately I am in no hurry, and I intend to wait until Your Honour at any rate has the opportunity to hear what I am saying.

This house then heard a discussion of external affairs and later it heard a discussion of national defence. The minister for external affairs showed scant regard for the members of the house in the course he followed; moreover, when defence was being discussed the Minister of National Defence (Mr. Claxton) showed even less courtesy toward the house when he absented himself during a substantial part of that debate.

An hon. Member: So were you.

Mr. Drew: The chairman of the committee on defence expenditures is obviously under the impression that he is sitting as chairman of this house. We shall await with considerable interest his decisions tomorrow as chairman of that committee.

Mr. Chevrier: We are waiting for your bright arguments.

Mr. Drew: We in this house have now before us for debate the budget, which provides the whole financial authority of parliament and the government for the coming year. The attitude of the government toward the budget debate is displayed by the fact that having brought in the budget the Minister of Finance (Mr. Abbott) sat here for one day on Tuesday, then dropped the whole thing and left to engage in other activities not in any way related to his responsibilities in this house. The budget debate should not proceed until it is convenient for the Minister of Finance to return to this house.

An hon. Member: Is that a ruling?

Mr. Drew: I heard an interjection, "Is that a ruling?". No, Mr. Speaker, it is not a ruling. If the hon. member had been listening he would have heard that I said that the time has come, that the time is long overdue, when some hon. members of this house on the other side and to my right should listen to suggestions as to what they should do instead of just being rubber stamps for the government.

Mr. Sinnott: Dictatorship.

Mr. Drew: I find some interjections most interesting because they are illuminating. I heard from one brilliant member opposite the word "dictatorship".

Mr. Sinnott: Hear, hear.

Mr. Drew: Recognizing the brilliance of the hon. member who made the interjection, I feel that I should not let the remark pass unchallenged, because it is obvious that, in the mind of the hon. member it is dictatorship if any member of this house should even question the propriety of everything done by the government and supported by those who support it so regularly, including the hon. member who has just interjected the remark.

Mr. Harkness: He used the word in the Russian sense.

Mr. Drew: It is in the mind of at least one brilliant member of this house that it is dictatorship if anyone raises any question about the course followed by the government. If there is any danger of dictatorship—and of course obviously there is none while hon. members and others are free to express their opinions—it is the danger that we let the majority of this house deprive the members of their ordinary rights without just argument and excuse.

Mr. Sinnott: Let us get down to business.

An hon. Member: You are no ordinary member.

Mr. Drew: I recognize that the hon. member who has just interjected is no ordinary member of this house. We are dealing with members of this house generally and their rights. I have referred to the fact that without explanation or justification of any kind we are proceeding at this time with the budget debate in the absence of the Minister of Finance. That very fact is an affront not only to members of this house but to all Canadians at a time when we are considering a budget that will be the basis of the enormous taxation to be imposed in Canada this year. It is directly relevant to the motion before us.

There can be only one suggested argument in support of such a debate proceeding in the absence of the Minister of Finance. That would be that no matter what argument is put forward, the ears of the government will be deaf in any event. If we have reached

that point, then it would be wise for the government to go one step farther and end the farce by introducing a motion that all debate should come to an end, and let any member who has anything to put forward simply file a written argument and have it appear in the record, because the government does not intend to listen to it in any event.

The reason for the arguments that are put forward is that the government may hear these arguments. We are now dealing with a pattern which has been established, namely, that ministers primarily concerned first make their arguments outside of the house. Then when these matters come up in the house they give scant attention to the members, and, having presented their case do not even bother to listen to the arguments that are put forward. Do not let any hon. member say that the arguments that have been put forward have not been arguments worth listening to. Speeches have been made in the house that should have been listened to by every member of the house and many more members of the government than have ever been here at any time since the budget debate started. Speeches of vital importance have been presented.

There have been speeches made with respect to the deplorable situation in the farming industry, including dairying, and the textile and other industries across the country from the Atlantic to the Pacific. Yet on many occasions not more than two ministers of the crown have even thought it worth while to listen to these arguments, even though the responsible minister, the Minister of Finance, is not here and apparently has no immediate intention of returning, so far as one can see at the moment.

Mr. Sinnott: A good by-election speech.

Mr. Drew: The motion now before us would end the normal rights of private members who have bills and motions on the order paper. Where is there before the house at the moment a suggestion of any measure presented by the government calling for such urgent attention that the rights of private members should be done away with in this manner?

Mr. George: What about last Friday night?

Mr. Drew: I am sorry; I did not hear the hon. member.

Mr. George: What about last Friday night?

Mr. Drew: May I ask what the hon. member said?

Mr. George: Last Friday night we ran out of private members' bills and motions. There were not enough sponsors in the house.

Mr. Fournier (Hull): Even public bills.

Mr. Drew: It is perfectly true that last Friday night certain measures were not dealt with. The hon. member and I both know that, but the fact remains that there is a great deal of business before the house, and most certainly the hon. member has no right to complain if a further opportunity is provided to certain hon. members associated with him to discuss subjects which they regard as so important.

But there are private members' motions and other measures before the house that are of very great importance. I suggest that up to the present time during this session the debates that have taken place on private bills and private members' motions have had a far greater sense of reality than the debates that have taken place on government motions or government bills that have been brought forward.

So far as the house is concerned, legislation could have been brought forward. It could have been sent to committees and dealt with in committees. In spite of that, the committees are really only getting under way at this stage of the session. I must say I have been much interested in the suggestion made that members of the Conservative party—

An hon. Member: Progressive.

Mr. Drew: —were not displaying very great interest in the affairs of the committee on defence expenditures because at one meeting only one of their members was present.

Some hon. Members: Order.

Mr. Sinclair: You know the rules.

An hon. Member: He makes them as he goes along.

Mr. Drew: Recognizing the supreme brilliance of the source of the last remark, I will not even make a comment. Doubtless, the hon. member will give us the benefit of his great wisdom.

Mr. Sinclair: It is a very simple rule known to most parliamentarians.

Mr. Drew: Doubtless we will hear more from the hon. member on a number of occasions. The question that I raise concerns defence expenditures and related subjects. I might point out that at the meeting of the committee of last Tuesday, to which reference has been made—

Some hon. Members: Order.

Mr. Drew: —the committee had no opportunity whatever to deal with—

Some hon. Members: Order.

Mr. Drew: —the Petawawa situation.

Mr. Speaker: Order. I would ask the leader of the opposition not to discuss at this time what took place at the meeting of the committee.

Mr. Sinclair: That is the rule I was talking about.

Mr. Drew: Mr. Speaker, I am so glad you have such excellent advice. According to the hon. member, apparently you follow that advice whenever you hear it. I know—

Some hon. Members: Oh, oh.

Mr. Speaker: Order.

Mr. Drew: —it has been indicated on many occasions, Mr. Speaker, that the members of the house have confidence in your judgment, and I might say they have no confidence at all in the judgment or otherwise of the hon. member who has been interrupting.

An hon. Member: Oh yes, we have.

Mr. Sinclair: Temper, temper, temper.

Mr. Drew: As *Hansard* does not record all this constant interruption, I wish to make it quite clear that when an argument is being presented with respect to the rights of private members there is nothing but a continuous uproar from members who apparently do not believe that private members should have any further rights in the house.

Some hon. Members: No, no.

Mr. McIlraith: That is not the cause of the uproar.

Mr. Drew: I should also like to indicate for the record that the noise has come exclusively from members who are supporters of the government.

Mr. Brown (Essex West): Dispense.

Mr. Drew: The house will proceed with the debates under way and will proceed with the business—

Mr. Sinnott: Is that an order?

Mr. Drew: —if there is some direction and guidance given by the government as to what business is going to come before the house. I wish to ask at this time for an assurance from the Prime Minister—

An hon. Member: You will get it.

Mr. Drew: I hope I shall get it. May I say in response to the most recent interruption that I hope there will be an undertaking from the Prime Minister that no second session this year will be contemplated—

Some hon. Members: Hear, hear.

Mr. Drew: —and that the delay—

Mr. McCann: We do not want it.

Mr. Drew: —and carefully planned frustration that has rendered so much of the debate ineffective—

Mr. Mutch: Sounds like a confession.

Mr. Drew: The time of confession for the hon. member will come later in this discussion, provided he feels himself free to take advantage of that opportunity. The subject now before the house does relate to the point I have raised. There can be no excuse for a second session this year—

Mr. McIlraith: No one suggested it.

Some hon. Members: Who suggested it?

Mr. Drew: —and I repeat that I hope the Prime Minister will give the unqualified assurance that there will be no second session this year, always subject to those emergencies which have no relation to the ordinary business of this house. I am raising this question now because last year we did have a wholly unnecessary second session—

Some hon. Members: No.

Mr. Speaker: Order. At the present time there is nothing before the house in regard to a second session. I think the hon. member might reserve his remarks on that subject until it is before the house.

Mr. Drew: I am pointing out why the business of the house should be expedited—

Some hon. Members: Hear, hear.

Mr. Drew: —and why it would be wholly unnecessary to adopt this motion if the government really wanted to get ahead with the business. If the government does want to get ahead with its business, then let it introduce the bills it has under consideration. It is not reasonable to believe that at this stage of the session the government has not ready all the legislation it intends to introduce. Let it bring forward that legislation and move it into committee so it can be given consideration, instead of holding it back until the end of the session when there will not be adequate opportunity to examine it, as has happened so often in the past.

I am raising these points because we have urged over and over again that the rules of the house do make it possible to deal with the bills and resolutions of private members as well as the regular business of the house, as long as the members have some idea when that business is going to be dealt with. Let no one make the suggestion by way of reply that the government has sought to expedite proceedings and that

long debates have taken place on every motion it has introduced. There have been debates, but those debates have taken place because hon. members have no way of knowing whether or not they are going to have an opportunity of raising the questions they want to raise. They do not know whether this session the government is going to change its habits and let debate follow an orderly pattern, or whether it is going to follow the practice of the last several sessions and leave the important things until the last, when the heat of the summer and the desire to get home will make it very difficult to discuss adequately the measures brought before the house.

This motion will have the effect of further limiting the rights of private members, which already have been limited greatly. During the years of war and immediately after, the habit grew of setting aside the rules; but surely now we have reached a time when we can abide by the rules. If those rules need amendment, let the amendments be introduced in the ordinary way. Instead of motions to suspend rules, let us have motions to change the rules if in fact such changes should be made. But at a time when we have so little before us, at a time when the Minister of Finance does not think the budget debate is sufficiently important to be here for it, let us not adopt a motion of this kind which deprives private members of the opportunity to have real debates on subjects that are of real concern to the people of Canada.

Mr. M. J. Coldwell (Rosetown-Biggar): On various occasions when motions of this kind have been presented to the house I have protested on behalf of the private members who are associated with me. To a very large extent I agree with what has been said by the leader of the opposition (Mr. Drew) in regard to the necessity of members of this house safeguarding in every particular the rights of private members. I am not suggesting for one moment that the government with its large majority wishes to exercise some kind of dictatorship over all of us to override the House of Commons, but I do support what was said by the leader of the opposition in his concluding remarks. Bit by bit the rights of private members have been restricted, largely because of the necessities of war. Prior to the war private members' days were looked upon as being embedded in the rules of the house and were not interfered with without very good reason; and always, may I say, after there had been some discussion and consultation with the whips or leaders of the opposition parties.

Having watched the loss of the rights of private members in this house over a period of years—and rights have been lost—it is good that once in a while private members should assert themselves and demand that their rights be retained in every particular. Under wartime conditions private members were willing at all times to forgo many of their rights. I remember one or two regular sessions when there were no private members' days at all. That was because of the emergencies then existing, and was by agreement.

I believe those of us who from time to time criticize the conduct of the business of the house should take some responsibility for endeavouring to provide the better organization of that business. There is no question but that the manner in which we conduct the business of this parliament does not reflect much credit upon the House of Commons. The rules which have been provided very largely for the protection of those of us who are private members from time to time need to be reconsidered and revised.

I agree with the criticism of the leader of the opposition in regard to statements made outside this house and the absence of ministers when such important matters as the budget are under consideration. I think that does show a lack of regard for this parliament.

Coming now to the private members' resolutions, a number of those resolutions on the order paper are of very great importance, not so much to the private members themselves as to their constituents and to members of all parties from one end of this country to the other. These resolutions can only be moved in the form in which they are brought before the house, namely "that in the opinion of this house consideration should be given." I have felt that from time to time the government has paid no attention to the expressed will of this parliament.

I am not going to discuss the income tax exemption for medical expenses, the milk subsidy, and so on, but resolutions concerning these matters were approved by this house, in one case unanimously, for the consideration of the government. I do say this: The only opportunity, other than by moving an amendment to the budget or the motion for an address in reply to the speech of His Excellency at the opening of the session—the only opportunity a private member has to bring before this house matters of importance not only to their constituents but to the whole of Canada, is by the filing of private members' resolutions. They do perform a useful function in this parliament. Consequently I do not like to see any attempt made to restrict the

rights of private members. If this privilege is to be circumscribed in any way, or dispensed with for the moment, it should be done by agreement rather than by the adoption of a motion.

I am quite sure the Prime Minister (Mr. St. Laurent) would find that most hon. members would be willing to accede to the request of the government, if the government were in a position of some difficulty regarding the business of the house. As has been said this afternoon, we do not know as yet what legislation is coming before us, and we are therefore in an extremely difficult position in attempting to make a judgment. I want to say, Mr. Speaker, that I think the organization of the business of this house must be reconsidered. I suggest that private members' days be continued until at least we have complete knowledge of the legislation that is coming before us, and until we are sure that the committees of the house are going to be at work. I am extremely anxious that the committee on agriculture should go into the matter of the foot-and-mouth disease. I cannot see any reason why the government has delayed consideration of that matter. I am sure that all members are willing to cooperate to facilitate the business of the house, provided that we know what the business of the house is, and can form a mature judgment as to the need for forgoing some rights of private members.

Mr. Solon E. Low (Peace River): I should like to take a moment to say that we are anxious to do what we can to help the government get its program before the house and have the business completed. But at the same time we do feel we should not take any action, except after careful consideration and by agreement, that would further abridge the rights of private members. For this reason I find myself very largely in agreement with the other two party leaders on this side of the floor.

I would suggest that the Prime Minister (Mr. St. Laurent) give careful consideration to frequent conferences between the party whips to see if it would not be possible to organize the business of the house in such a manner as to speed things along. If we were given some idea of what is coming up, we could be prepared when that item of business came before the house and would thus facilitate the dispatch of business. On this matter I must stand with the other party leaders.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I wish to say just a few words with reference to a matter which has a bearing on the motion that is now before us. On Tuesday, April 1, when the Prime Minister (Mr. St. Laurent) moved a motion to take away Wednesdays as private members' days, a request was made by the member for Rosetown-Biggar (Mr. Coldwell) to which the Prime Minister made a conditional reply. I feel that the substance of that reply should even yet be implemented. It is for that reason I rise to ask the Prime Minister to give further consideration to what was asked for on that occasion.

As the Prime Minister and the house will remember, Monday, March 31, was to have been a private members' day. By unanimous consent we gave it up as a private members' day so that the government might have it for the consideration of supplementary estimates. Accordingly the next day, when the Prime Minister moved that Wednesdays be taken away, the member for Rosetown-Biggar requested that the loss of the day before might be made up in some way. In his reply the Prime Minister indicated that there were certain difficulties, but he did say this, as recorded at page 999 of *Hansard* for April 1, 1952:

> Perhaps we might consider suspending this order a week from Wednesday, or try to make it up in some other way that would satisfy hon. members.

I would point out that the Wednesday referred to was Wednesday, April 9, but the order was not suspended on that day. Instead, we considered the Japanese peace treaty, which was government business. Thus, so far as the private members are concerned there has been no compensation as yet for the loss of that full Monday, March 31. I submit, Mr. Speaker, that whatever may be the disposition of the motion now before us, which is designed to take away Mondays as private members' days, the Prime Minister should still consider the point which he said he would consider on April 1, and arrange with the various groups in the house for the provision of at least one more Wednesday for private members' motions.

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

Right Hon. L. S. St. Laurent (Prime Minister): I must confess I was very much surprised, though I do not suppose I should be, at the performance of the leader of the opposition (Mr. Drew) this afternoon. I should not have been surprised. It was merely reminiscent of many such performances and outbursts before the election of 1949. In thinking it over I recalled a number of occasions when it was the privilege of the hon. gentleman to lecture the members of this house on the way in which the proceedings of this house should, in his opinion, be

carried on, instead of being carried on as they have been in the long and somewhat fruitful years of the life of this house when the hon. gentleman was not a member of it.

It has been suggested that there should be frequent conferences between the whips of the groups. I think that is a very good suggestion, but it would be necessary for the whips of the groups to report to the leaders of the groups they represent that there had been such conferences so that those leaders of the groups might not be taking attitudes differing from the understandings that seemed to have been reached between the whips.

Mr. Drew: Mr. Speaker—

Some hon. Members: Sit down.

Mr. Drew: On a question of privilege, Mr. Speaker, I wish to state that there has been no understanding by the whips in regard to this matter.

Mr. St. Laurent: I was unaware that the hon. gentleman was one of the whips.

Mr. Drew: Cheap; very cheap.

Mr. Casselman: I happen to be one of the whips, and there was no understanding with respect to this.

Mr. St. Laurent: I am informed, and I believe it, that on Wednesday last—and that was not the first time it was discussed—before the Minister of Public Works (Mr. Fournier) announced in the house that there was going to be a motion, he discussed it with the hon. gentleman who has just taken his seat.

Mr. Casselman: The leader of the house is not—

Mr. Drew: Mr. Speaker—

Mr. Speaker: The Prime Minister has said that he believed that one whip discussed this matter with another whip.

Mr. Drew: That is not what the Prime Minister said.

Mr. St. Laurent: I said that my information is—and I believe it to be accurate—that the Minister of Public Works mentioned to the hon. gentleman who sits behind the leader of the opposition his intention of giving that notice, and was told by the hon. gentleman that he thought it was quite all right.

Mr. Drew: I repeat that there was no undertaking.

Mr. Speaker: Order.

Mr. St. Laurent: There may have been no undertaking, but there has been an attempt here this afternoon—

An hon. Member: Don't lose your temper.

Mr. St. Laurent: —to put before the public as facts something which does not represent the facts, and I am attempting to re-establish the facts. Even before Easter there had been discussion as to the making of this motion to take away the Monday, and it was suggested—I believe by the hon. gentleman who represents Winnipeg North Centre (Mr. Knowles)—that there should be at least one Monday for private members after we came back after Easter. I thought that was a reasonable suggestion to make, and instead of giving the notice immediately,—because last Monday it was the unanimous wish of the house to take part of the time to deal with the motion to set up a committee on the readjustment of the representation of the house, inasmuch as that committee is apt to have quite a long job before it—the giving of the notice was postponed until after the Minister of Public Works had mentioned it orally in the house on Wednesday night.

I was under the impression—and I think there were some reasons for my being under such impression—that the private members had had the time they wished to have to deal with the various matters they had put on the order paper. Some minutes after nine o'clock last Monday we reverted to private members' business—and I was here—and every one of the resolutions was called. That of the hon. member for Matapedia-Matane (Mr. Cote) was, I think, the last on the list, and that was the only one that anyone was ready to proceed with. All the others were allowed to stand. Again on Friday night private bills and public bills and orders were called and disposed of in twenty-two minutes of the hour that was available for the discussion of those subjects, and the matters which hon. members had expressed a desire to have votes upon had received votes, and had been disposed of by divisions of the house.

From the very beginning of the session I have endeavoured to meet the wishes of hon. gentlemen opposite and to arrange the debates in the manner in which they have suggested they would like to have them arranged. I was under the impression that this motion was not going to raise any storm today, even though there might be six by-elections in the offing. The leader of the opposition suggests that a great deal of time has been taken, to the point of creating a feeling of frustration because of the fact that the government was not bringing forward any of its business. Will the hon. gentleman give himself the trouble to look at the *Routine Proceedings and Orders of the Day*, pages 15, 16 and 17? Will he note the dates on which the notices were put on

the order paper to be dealt with just as soon as they could be reached without taking away from the private members of the house the opportunity to debate the matters they were debating?

On March 7 there was put on the order paper notice of a resolution to introduce a measure to extend the application of the Emergency Gold Mining Assistance Act. On March 11 there was another for the introduction of a measure to amend the Government Employees Compensation Act, 1947. Then, on March 14, a resolution that it was expedient to introduce a bill conferring authority upon the governor in council to authorize the Canadian National Railway Company to construct a certain railway line; on March 28, that it was expedient to introduce a measure to amend the war veterans' allowance legislation, for increasing allowances and permissible income, etc. On the same day there was another, that it was expedient to introduce a measure to amend the Veterans Benefit Act, 1951; on the same day, that it was expedient to introduce a measure to amend the Veterans Insurance Act; on April 1, that it was expedient to introduce a bill to amend the National Defence Act; and there follows a long series of amendments to which the notice refers. On the same day there was a resolution that it was expedient to introduce a measure respecting the New Westminster harbour commissioners; on April 8, that it was expedient to introduce a measure to amend the Aeronautics Act; on April 23, that it was expedient to introduce a measure to provide that the governor in council may do such things as were required in order to implement the Japanese peace treaty which came into effect this morning. On April 24 there was another, that it was expedient to introduce a measure to amend the Pension Act.

These matters, especially those which concern the veterans, have come to the point where it is urgent that they be dealt with as soon as possible, because it is my understanding that the representatives of the Canadian Legion are to be here on May 6 and that they expect to have the bills which concern the veterans in such shape that they can make representations to the committee to be set up—of which notice is now on the order paper—to consider this veterans legislation. Any suggestion that there has been delay in bringing forward the measures that the government wishes to have dealt with is quite contrary to the facts. These measures cannot be introduced without the adoption of the resolutions of which the notices are on the order paper. The committee set up at the last session to consider the rules of the house has not been able to get agreement on the proposal that there shall not be both a debate with the Speaker in the chair and a debate in the committee of the whole on each of these resolutions which must be adopted before the legislation can be introduced.

Mr. Drew: And they could have been called at any time.

Mr. St. Laurent: Had they been called at any time, we would have had the assertion by the hon. gentleman and by others that we were curtailing the debate on the address in reply to the speech from the throne,—

Mr. Drew: Nonsense.

Mr. St. Laurent: —the debate on external affairs, the debate on defence, the debate on the budget.

An hon. Member: Don't get angry.

Mr. St. Laurent: I have been trying to act in such a manner as to have the agreement or at least the acquiescence of the hon. gentleman opposite. It may be that we shall have to take another attitude, that we shall have to say that the business of the house has to be considered and will simply give notice in the house of the time when it will be considered and take whatever consequences may result from assertions of the hon. gentleman opposite that our huge majority is being used to muzzle parliament, to establish government dictatorship or government by orders in council, and that there is a disregard of the democratic rights of the people represented, as the hon. gentleman would seek to imply, only by those who sit on the opposition benches.

Here the understanding has been that there would be allotted to the business of private members as much time as had been taken last Monday to deal with business of a public character on a day when the private members' motions should have had priority. This motion was put on for today merely for the purpose of having today used in that manner and not carry over the undertaking to have another private members' day, in addition to today, used to replace last Monday.

There is no desire to prevent any debate on any matter that is on the order paper. If hon. gentlemen will bring to our attention any specific matter that—though it has been called, and has been stood over—should still in their opinion have priority over the public business of the country, their representations will get consideration.

So far as the present session is concerned, which, as has been pointed out by the leader of the opposition, is now in its third month, I think it is time to do what in my experience has always been done at about this stage in the session. I can assure hon. members

that there is no desire to cut off or to prevent debate or divisions. The house has had proof during this session that there has been no desire to dispose of these matters by talking them out. They have been brought to a conclusion, and they have been disposed of by dividing the house upon them. I think that is what hon. gentlemen wish to have done, and there is no desire to have the business of the house carried on in any other way. On the other hand there is no desire just to take without comment the lectures that it pleases the leader of the opposition to give us from time to time.

Mr. Knowles: Mr. Speaker, I rise on a question of privilege. The Prime Minister in his remarks has referred to me and part of what he said is correct, but—

Mr. Speaker: Order, please. I think the hon. member should have raised his question of privilege during the Prime Minister's remarks.

Mr. Knowles: As a matter of courtesy I let the Prime Minister finish. I think I should be permitted to state my question of privilege. My point is this—

Mr. Speaker: Order. If the house wants a revival of the question of what took place between the whips, I will allow it to be done. However, I think it was discussed fully.

Mr. Knowles: All I wish to say is that when this proposal was presented to me by way of my being informed of what was to be done, I complained every time about our not getting that day that we lost and which the Prime Minister had promised to give us as I indicated in my remarks this afternoon.

Mr. Fournier (Hull): On a question of privilege, the hon. member admits, I think, that I did mention this matter to him before it was brought up in the house on Wednesday evening. I told him we intended to put that notice of motion on *Votes and Proceedings* the next day. I did not ask his agreement, but he was informed about the matter. The same thing applies to my hon. friends opposite.

Mr. Casselman: No agreement at all.

Mr. Knowles: We were merely informed; we were not consulted.

Mr. Speaker: Is the house ready for the question? Is it the pleasure of the house to adopt the motion of the Prime Minister?

Some hon. Members: Carried.

Mr. Drew: Lost.

Mr. Speaker: Carried.

Mr. Drew: Lost.

Mr. Speaker: Those in favour will please say aye.

Some hon. Members: Aye.

Mr. Speaker: Those opposed, nay.

Some hon. Members: Nay.

The house divided on the motion (Mr. St. Laurent) which was agreed to on the following division:

YEAS

Messrs:

Anderson	LaCroix
Applewhaite	Lafontaine
Ashbourne	Laing
Balcom	Langlois (Gaspe)
Bater	Larson
Beaudoin	Leduc
Benidickson	Leger
Bennett	Macdonald (Edmonton East)
Bertrand	MacDougall
Blanchette	MacKenzie
Blue	MacLean (Cape Breton North and Victoria)
Boisvert	MacNaught
Boucher	McCann
Bradette	McCulloch
Bradley	McCusker
Brisson	McDonald (Parry Sound-Muskoka)
Brown (Essex West)	McIlraith
Byrne	McIvor
Campney	McLean (Huron-Perth)
Carroll	McWilliam
Carter	Major
Cauchon	Martin
Chevrier	Mott
Claxton	Murray (Cariboo)
Cleaver	Murray (Oxford)
Cloutier	Mutch
Croll	Pearson
Dewar	Picard
Dickey	Prudham
Dube	Riley
Dupuis	Robinson
Ferrie	Rousseau
Fournier (Hull)	St. Laurent
Fulford	Simmons
Gardiner	Sinclair
Garson	Sinnott
Gauthier (Lapointe)	Smith (Moose Mountain)
Gauthier (Sudbury)	Stewart (Yorkton)
George	Stick
Gingras	Stuart (Charlotte)
Gour (Russell)	Tremblay
Gourd (Chapleau)	Viau
Harrison	Ward
Helme	Warren
Henderson	Weaver
Hetland	Weir
Hosking	Welbourn
Howe	Winkler
James	Winters
Jutras	Wood—103.
Kent	
Kickham	
Kirk (Digby-Yarmouth)	

NAYS

Messrs:

Argue	Charlton
Aylesworth	Churchill
Black (Cumberland)	Coldwell
Blackmore	Coyle
Blair	Diefenbaker
Brooks	Dinsdale
Browne (St. John's West)	Drew
Casselman	Fair

North Atlantic Treaty Organization

Ferguson	Macdonnell (Greenwood)
Fulton	MacLean (Queens)
Gillis	Murphy
Green	Noseworthy
Harkness	Nowlan
Herridge	Poulin
Higgins	Quelch
Johnston	Ross (Souris)
Jones	Shaw
Knight	Stewart (Winnipeg North)
Knowles	Thatcher
Lennard	Tustin
Low	Wright—42.

Mr. Catherwood: I was paired with the hon. member for Kent, Ont. (Mr. Huffman). Had I voted, I would have voted against the motion.

GRAIN

REFERENCE TO AGRICULTURE COMMITTEE OF ANNUAL REPORTS OF WHEAT BOARD AND GRAIN COMMISSIONERS

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, I wish to table the annual report of the board of grain commissioners for the year 1951, and I now move:

That the report of the Canadian wheat board for the crop year 1950-51, tabled on March 18, together with the report of the board of grain commissioners just tabled, be referred to the standing committee on agriculture and colonization.

Motion agreed to.

NORTH ATLANTIC TREATY ORGANIZATION

ANNOUNCEMENT OF APPOINTMENT OF SUPREME COMMANDER FOR EUROPE

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, the house may be interested to learn at this time that General Matthew Ridgway, United States army, was today appointed by the North Atlantic council to succeed General Dwight D. Eisenhower as supreme allied commander for Europe. This announcement was made this afternoon in Paris by Lord Ismay who had presided over the first meeting of the reorganized council as vice-chairman. At that first meeting this morning the President of the United States was requested to put forward the name of an American to succeed General Eisenhower. He put forward General Ridgway's name, and General Ridgway was appointed by the council this afternoon.

The general feeling which has been held towards General Eisenhower for his services to NATO was, I think, very well expressed by Lord Ismay this morning when he said:

Our hearts are filled with pride and gratitude for what General Eisenhower has done since he was appointed supreme commander in Europe. It may well be that when history comes to be written the contributions which he has made towards saving peace will be acclaimed as no less worthy of renown than his contributions towards winning the second world war.

[Mr. Speaker.]

General Ridgway's distinguished military career and, in particular, his recent post of commander of United Nations forces in Korea, show him to be well qualified for the important duties of supreme commander of the forces of North Atlantic countries in Europe. It is also gratifying to learn that President Truman has expressed his agreement that General Gruenther should remain as chief of staff to the new supreme commander, a post where he has been so successful and effective under General Eisenhower.

QUESTIONS

BANKRUPTCIES SINCE 1945

Mr. Boisvert:

1. How many bankruptcies occurred in each province of Canada during (a) each of the years 1945, 1946, 1947, 1948, 1949, 1950 and 1951; (b) the first three months of 1952?

He said: Mr. Speaker, I beg leave to withdraw this question for the purpose of redrafting it.

Mr. Speaker: Dropped.

TRANS-CANADA HIGHWAY

Mr. Johnston:

1. How much money has been paid to the province of Ontario by the federal government for the construction of Ontario's share of the trans-Canada highway?
2. What are the contractual requirements before the federal government pays any money to a province for the construction of the trans-Canada highway?

Mr. Winters:

1. Payments made to the Ontario provincial government by the federal government as Canada's share of the cost of construction of the trans-Canada highway in Ontario as at April 26, 1952, amount to $7,772,835.41.

2. Before money can be paid by the federal government to a provincial government for the construction of the trans-Canada highway, there must be a signed agreement between the two governments under the terms of the Trans-Canada Highway Act, chapter 40, of the Statutes of Canada, 1949, and the terms of the agreement must have been carried out, with respect to the work for which payment is claimed.

CANADIAN NATIONAL RAILWAYS— SNOW REMOVAL

Mr. MacLean (Cape Breton North and Victoria):

1. What type of railway snow removal equipment is on hand between Levis, Quebec, and Campbellton, New Brunswick?
2. How many of each type of equipment were available for use (a) during the period of January 1 to February 28, 1952; (b) for the dates February 13, 18 and 22, 1952?

Questions

3. What type of railway snow removal equipment is on hand between Moncton, New Brunswick, and Campbellton, New Brunswick?

4. How many of each type of equipment were available for use (a) during the period January 1, to February 28, 1952; (b) for the dates February 13, 18 and 22, 1952?

5. What was the cost to the Canadian National Railways for removal of snow following storms in (a) the Levis, Quebec and Campbellton, New Brunswick area on (i) January 23, 1952; (ii) February 13, 1952; (iii) February 18, 1952; (b) the Moncton, New Brunswick and Campbellton, New Brunswick area on (i) January 23, 1952; (ii) February 13, 1952; (iii) February 18, 1952?

6. What was the delay, in hours, of each of the trains running into Halifax on the dates (i) January 23; (ii) February 13; (iii) February 18, 1952?

Mr. Benidickson:

The Canadian National Railways advise as follows:

1. Wing plows, rotary plows, spreaders and flangers.

2. (a) 20 wing plows, 3 rotary plows, 6 spreaders and 9 flangers (maximum number available during the period in question).

(b) February 13:16 wing plows, 3 rotary plows, 4 spreaders and 9 flangers; February 18:19 wing plows, 3 rotary plows, 6 spreaders and 9 flangers; February 22:20 wing plows, 3 rotary plows, 6 spreaders and 9 flangers.

3. Wing plows, rotary plow, spreaders and flangers.

4. (a) 11 wing plows and 7 flangers; (b) same as (a) on each of dates.

5. (a) (i) January 23, $88,925. (ii) February 13, $91,592. (iii) February 18, $210,511.

(b) (i) January 23, $6,351. (ii) February 13, $11,406. (iii) February 18, $127,267.

6.

	Jan. 23	Feb. 13	Feb. 18
No. 2 Maritime Express	3′ 10″ late	2′ 25″ late	1′ 25″ late
No. 4 Ocean Limited	8′ 55″ late	4′ 20″ late	5′ 15″ late
No. 60 Scotian	9′ 25″ late	4′ 55″ late	9′ 25″ late
No. 6 from Sydney	On time	On time	On time
No. 8 from Sydney	10″ late	10″ late	On time
No. 10 from Sydney	On time	15″ late	On time
No. 88 from Yarmouth	On time	On time	55″ late

PENSIONS FOR PERSONS PHYSICALLY INCAPACITATED

Mr. E. A. McCusker (Parliamentary Assistant to the Minister of National Health and Welfare): Mr. Speaker, I wish to table a supplementary answer to a question of the hon. member for Battle River (Mr. Fair) which was first answered on March 12, 1952, as found at page 352 of *Hansard*. The question is as follows:

1. Did the various provincial governments undertake a survey to find out, among other things, the number of physically incapacitated persons in Canada?

2. If so, has the survey been completed?

3. What are the particulars disclosed regarding the number, age, and financial standing of those disabled persons?

4. Will a pension scheme be introduced at the present session to relieve the distress of those persons?

The answer is as follows:

1, 2 and 3. See reply tabled on March 12, 1952, *Hansard*, page 352.

4. The experience of foreign countries suggests that disability pensions should be closely associated with rehabilitation services which are designed to restore the disabled person to productive employment. Without remedial health, vocational guidance and training services, the cost of disability pensions may run unnecessarily high, without achieving this goal. On February 20, 21, and 22 the national advisory committee on rehabilitation of disabled persons set up as a result of last year's conference in Toronto, held its first meeting. It will review all aspects of the needs of disabled persons, and make recommendations from time to time.

Our new old age assistance and old age security programs will between them provide pensions for an estimated 45,000 totally and permanently handicapped persons. Allowances for blind persons will provide financial aid for approximately 8,500 more this year. Approximately 160,000 disabled veterans are receiving pensions and an additional number are being looked after under war veterans allowances.

Through the national health grants program substantial assistance is available to the disabled as follows:

(a) The government has provided for a sum of more than $4 million for a tuberculosis control grant part of which is available for "the provision of free treatment including rehabilitation".

(b) There is provision for a crippled children's grant of over $500,000 "to assist the provinces in an intensive program for the prevention and correction of crippling conditions in children, rehabilitation and training".

(c) Under the general public health grant very substantial sums are available to extend diagnostic and treatment services for those afflicted by arthritis and rheumatism or polio.

(d) The government has provided for a sum of more than $5 million, part of which is available for the rehabilitation of backward children and of mentally ill patients, under the mental health grant.

The provinces, under well-established workmen's compensation plans, provide pensions for the victims of industrial accidents. Approximately one-third of the cases in receipt of mothers' allowances are the result of disabilities which impair earnings. Some provinces offer special allowances for persons

suffering from tuberculosis, and Newfoundland and Ontario have in recent years provided incapacitation allowances.

The province of Ontario has at its 1952 session just passed legislation providing for disability pensions. There is no indication at the present time that other provinces intend to follow this example.

It is the intention of the federal government to work in close co-operation with the provinces and interested organizations in a constructive approach to the complex problems involved in the various types of disabilities which impair the ability of individuals to work.

QUESTIONS PASSED AS ORDERS FOR RETURNS

IMMIGRANTS FROM BRITISH WEST INDIES

Mr. Noseworthy:

1. How many persons of British West Indies origin are at present living in Canada?

2. How many persons have entered Canada from the British West Indies during each of the five years 1947-1951, inclusive?

3. How many applicants for entry to Canada from the British West Indies have been refused entry during each of the five years 1947-1951, inclusive?

4. For what reasons were these applicants rejected and how many were rejected for each of these reasons?

5. How many students were admitted to Canada from the British West Indies for the purpose of studying in Canada during each of the years 1947-1951, inclusive?

6. How many of those students applied for permanent residence in Canada?

7. How many of these student applicants were granted permanent residence in Canada?

8. Are any statistics available to show how immigrants to Canada from the British West Indies, compare with immigrants from other warm climate countries in the following respects (a) health records; (b) wages or salaries earned; (c) unemployment records; (d) profession and occupation followed; (e) public liabilities?

Mr. Bradley: Return tabled.

FOOT-AND-MOUTH DISEASE

Mr. Argue:

1. How many herds of cattle have been destroyed in Saskatchewan as a result of foot-and-mouth disease?

2. How many animals were in each herd?

3. When was disease first reported in each herd, and how many animals were suffering from disease?

4. What are the names of all veterinarians who inspected these herds, and on what dates did each veterinarian make his inspection?

5. What animal inoculation tests were made on each herd and on what dates?

6. What was the result of each test?

PURCHASE OF BUILDING SITE IN SYDNEY, N.S.

Mr. Gillis:

1. Did any federal government department purchase a building site in Sydney, Nova Scotia, in the years 1951 or 1952?

2. If so, for whom was it purchased?

3. How much was paid for it and for what purpose does the government intend to use it?

[Mr. McCusker.]

MOTION FOR PAPERS

ANIMAL CONTAGIOUS DISEASES

Mr. Coldwell:

For a copy of a report made by "F" division, C.I.B., Regina town station, Royal Canadian Mounted Police, dated March 20, 1952, with respect to the Animal Contagious Diseases Act.

Mr. Garson: Mr. Speaker, I am informed that the report to which the hon. member for Rosetown-Biggar refers as having been made by "F" division, C.I.B., Regina town station, R.C.M.P., dated March 20, 1952, with respect to the Animal Contagious Diseases Act, is a report made to his superior officers by a constable of the Royal Canadian Mounted Police acting as an investigator in this matter. The Department of Justice and the government have consistently taken the position that reports made to their superior officers by members of the Royal Canadian Mounted Police concerning investigations which they have been instructed to conduct have always been withheld from production in the House of Commons upon the ground that it is not in the public interest to produce them.

The reasons for the taking of this position will be obvious to anyone who gives the matter thought. Not only are the police investigators instructed to ascertain all the relevant facts, but they are encouraged to submit to their superior officers their own theories and their own hypotheses as to what interpretations might be drawn from these facts in further investigation into the matter. They are encouraged to suggest further lines of inquiry. They are encouraged, and indeed instructed, in the case of an investigation into a crime, to suggest in strictest confidence all those whom they regard as possible suspects, however slight may be their own reasons for suspecting these other persons, in order that their superior officers to whom these confidential reports are made may, by considering these confidential reports along with other confidential reports received from other investigating officers, draw conclusions as to what further investigations may be necessary, or even ultimate conclusions as to guilt and the identity of the guilty party or parties.

If the investigating officer does not know at the time he makes his report that it will be privileged from publication he, I suggest, will be hesitant about suggesting hypotheses, particularly in scientific and other fields in which, if he is not qualified as an expert witness, his oral evidence would not even be received. He will be most hesitant about naming suspects if he knows that the names of such suspects are to be published and their reputations prejudiced or ruined when in fact

they may be completely guiltless. Therefore the production of these confidential reports would destroy much of their value. For these reasons the Department of Justice and the government feel that in the present instance we must follow our uniform and invariable practice of refusing to table the confidential report referred to in the hon. member's motion. Without arguing the matter unless it becomes necessary, I would submit the following citations: 1943, *Hansard*, volume 1, page 202; 1943, *Hansard*, volume 4, page 4193; 1945, *Hansard*, volume 2, page 1929.

Mr. Coldwell: In view of the minister's statement, may I say that I understand there is nothing in the report which would indicate that anyone had been guilty of criminal action of any sort, and that the material therein with respect to the matter of foot-and-mouth disease is of vital interest to the house and the standing committee on agriculture. I do not propose to press the motion to a vote because I do not want to prejudice the members of the committee when they demand production of the report before the committee. From my knowledge of what the report may contain, I think it is a most important document. I am not going to press the motion but I want to protest against the statement made by the minister because I do not believe that the guilt of persons is involved in this particular report, but merely an outline of the investigations that have been conducted by the mounted police concerning the outbreak of foot-and-mouth disease.

Mr. Garson: May I clear up a point? I was not suggesting any guilt was necessarily involved in this particular report. My point was that when in the preparation of police reports they have to make suggestions, express their own ideas and name suspects, the whole system of obtaining such reports would be invalidated if at the time they were prepared it was known they were going to be published.

Mr. Speaker: Dropped.

BUSINESS OF THE HOUSE

ANIMAL CONTAGIOUS DISEASES—PROCEDURE IN TABLING OF RETURNS ORDERED

Mr. J. G. Diefenbaker (Lake Centre): Mr. Speaker, at this time I rise on a question of privilege which relates to the subject just dealt with. On March 12, at page 354 of *Hansard*, a motion was passed by this house under motions for papers, which reads:

> For a copy of all communications that passed between veterinary officials either provincial or federal and the federal Department of Agriculture, together with all records since the 17th day of November, 1951, relative to the cattle epidemic of vesicular stomatitis or foot-and-mouth disease in Saskatchewan, also all certificates or statements of analysis showing the results of the chemical examination of suspected specimens of either of said cattle diseases.

At that time the Minister of Agriculture (Mr. Gardiner) said:

> With the same reservation as stated by the Prime Minister.

Then the motion was agreed to. The statement by the Prime Minister was in reference to the first motion for papers before the house that day, and was in these words:

> Mr. St. Laurent: Subject to the usual reservation that the consent of the other governments concerned be obtained.

Now I rise to ask why there has been such delay in complying with a motion for papers passed by this house, the papers being and always having been available. The matter was brought up on April 7 at page 1163 of *Hansard* by the hon. member for Brant-Wentworth (Mr. Charlton), who inquired as to the production of these papers. At that time the parliamentary assistant to the Minister of Agriculture (Mr. McCubbin) said:

> I will look into the matter and see what can be done.

I rise merely for the purpose of asking the minister the reason for the rather unnecessary delay in the production of papers which are neither involved nor difficult to procure.

Right Hon. J. G. Gardiner (Minister of Agriculture): I have been over the records that would be covered by the motion. I must say the wording of the motion itself is not such as to get some of the information my hon. friend has discussed with me, apart altogether from what is taking place at the moment. The motion was passed by the house, and I presume if the house insisted all the information that might be available would eventually have to be brought down during this session. On the other hand it has been agreed already that all the facts having to do with the outbreak of foot-and-mouth disease will be submitted to the agriculture committee and subject to discussion there. Any matters which of necessity must be privileged in connection with a matter of this kind can be settled when that committee meets, and we can pretty well determine what should be brought down in the house this session. If there is anything that must be brought down while the committee is sitting in order to clear up the situation, there is no difficulty about getting that information. But I think it would be improper to bring down in this house under this or any other order discussions that took place between officials of a department. Such discussions

with regard to certain matters have always been considered privileged. If it is the desire of the committee and later of the house that even those privileged matters should be brought before the committee in a case of this kind, I do not think there would be any question about it; but I do not think it is necessary to bring down this information at this stage.

Mr. Diefenbaker: The answer by the minister is exactly the kind of thing that was objected to here this afternoon by the leader of the opposition (Mr. Drew).

Mr. Knowles: Contempt of parliament.

Mr. Diefenbaker: The minister says he can stand before this house and determine whether a document or a series of documents ordered to be produced shall or shall not be produced.

Mr. Gardiner: If I might say a word—

Mr. Diefenbaker: I did not interrupt my hon. friend. The order was passed, and that order is final. I point out that under citation 329—

> When a motion is adopted, it becomes the resolution, vote or order of the house.

That resolution has become an order of the house. No minister of the crown has any right to say we will wait until a committee of parliament meets and if that committee considers that the order is improper it can so determine. If the minister had any objection, on confidential or any other grounds, he should have raised it on March 12; but he did not do so. He said the order might be passed by the house subject to the same veto or reservation that had been properly imposed by the Prime Minister in reference to the first motion.

Now, Mr. Speaker, on behalf of parliament I am asking you to rule that the minister shall not have the right to determine whether on his *ipse dixit* documents shall not be produced which may be inconvenient to his department. Such an attitude deserves your attention, as custodian of the prerogatives of parliament, to see that these orders are not circumvented at the wish of any department. On the basis of the order that was passed by the house I ask Your Honour to direct that the documents be produced. The minister has been fair enough to admit that the reason they have not been produced is not that they are not available, but that in his opinion it would be improper to do so. I ask you, Mr. Speaker, to uphold the rights and prerogatives of parliament and order that these documents be produced not at the convenience of the minister or at the whim of a committee about to be set up, but because parliament has been directed and ordered that they be produced.

Mr. Gardiner: I am sorry that, since this matter came up just before I came into the house, I have not had an opportunity to search the rules and determine on what rule I might base my contention—

Mr. Diefenbaker: Why did the minister not make that reservation when the motion was passed?

Mr. Gardiner: Nevertheless, it has been the practice during the time I have been in parliament that discussions between individuals in departments in arriving at conclusions have been privileged. Now, the conclusions themselves that happen to be reached in that matter may not be privileged, but the discussions that have taken place back and forth in the reaching of those conclusions have been privileged. Order after order has been brought down here in which that kind of thing has not been presented. My understanding is that it is some of that which is required at this particular time. I may say that I can bring down a return which does not contain that kind of thing, but I do not think that would satisfy the hon. member. I want him to know beforehand that if it is brought down, and if any of this other information is required and if it can be obtained properly in the committee, all well and good. If it cannot be obtained then because it is privileged, that is another matter. I am quite prepared to bring down to the house what I think is not privileged and might be brought down, but I am afraid it would not get the results the hon. member wants. I do not want him to feel that there is any misrepresentation in connection with it. Later on if he says he has not got what he wants, he will have to get it in the committee rather than through this method.

Mr. Diefenbaker: Mr. Speaker, that illustrates an attitude that borders closely on contempt of parliament, when a minister says "I shall produce whatever documents I choose to excise from the record, regardless of the order of the house." When the order was passed there were no reservations such as the minister now makes. After discovery, I assume, that there are some documents he does not desire to produce, the minister has no authority to determine what documents shall be produced. An order has been made, and at this point I am going to leave it to Your Honour to make a direction to the minister, after having looked into the authorities, that parliament shall not be treated with contempt, regardless of how inconvenient some of the documents may turn out to

be. I am not going to allow an order of the house to be pigeon-holed, and have the rights of the house determined by some committee set up by the house. At this time I simply ask for a determination of this matter, and that the minister be directed to produce the records that I want, particularly the records as set out in the order and not the minister's interpretation of confidentiality which would deny the production of documents that parliament has ordered.

If the minister can get by with this, then any minister can simply say, "We shall give you whatever documents we think will not do any harm but the rest of the record will remain hidden because we determine confidentiality." I simply let the matter rest there, so that after consideration Your Honour may determine whether or not we on this side of the house are to be placed in the position where ministers of the crown determine how orders of parliament are to be interpreted, and what documents they will deliver in accordance with the orders made.

Mr. Gardiner: One more word on this, Mr. Speaker; I happen to know what the hon. gentleman wants. He came over to my desk and asked for it.

Mr. Diefenbaker: I mentioned one document.

Mr. Gardiner: One document, that is the one you want. At the time I stated to him, "Well, you know that is privileged." He agreed that is was privileged.

Mr. Diefenbaker: When was that statement made—today?

Mr. Gardiner: No, about two weeks ago.

Mr. Diefenbaker: There was no such agreement.

Mr. Gardiner: There are some documents—as a matter of fact, I did not know this one was in existence and I do not know how the hon. member found out about it. The only document that was mentioned is the one which I think the government official who sent the message should be in a position to deal with. This government official can be brought before the committee and asked to deal with it. I do not think I should be asked to put it on the table, and I do not think I should be asked to determine that it should not be put on the table. As a matter of fact, I am not suggesting that I should not bring down all these documents before the end of this session; that is what this order calls for. But the official of the department who is concerned with this document ought to be in a position to explain this message, why it was sent, and so on. He will be before the committee, and he can be there next week if the hon. member wants it.

Mr. Argue: After the Saskatchewan election.

Mr. Gardiner: There is nothing in connection with it that we have to hide. This committee can be got under way next Monday if hon. members so desire. This official could be before the committee as soon as it meets. I do not think it is fair to this official, and that is why this privilege is there, to simply parade this message before the public and say this is what he meant by it. The official should have the right to go before this committee and indicate why he sent such a message. I am not suggesting that you could not have it next Monday if you wanted it. You can have this man here that day or the next day if you want him here, but I do not think this house should order that discussions which took place between two officials of the department be produced and spread over the country as political propaganda.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: I just rise to say one thing. However inconvenient politically it may be, an order has been made. No minister dares stand up in this house and say, "I shall give you what is politically convenient but I shall deny the documents that are a detriment to me politically."

Mr. Gardiner: I have not said that. I have said that I will give you all the documents which you are entitled to.

Mr. Knowles: In support of the point of order that has been pressed by the member for Lake Centre (Mr. Diefenbaker) I believe Your Honour should consider, in addition to the other citation, citation 389 of Beauchesne's third edition. Before I read that citation I should point out that there are citations which permit opposition to a motion for the production of papers at the time the motion is before the house. That time has long since passed. I submit that a good deal of what the Minister of Agriculture (Mr. Gardiner) has said today was entirely out of order. If he wanted to oppose the motion of the member for Lake Centre (Mr. Diefenbaker) he had the right to do so but he did not oppose it. He indicated one condition, namely, the consent of the provinces concerned, but otherwise the motion passed and became an order of this house. If the Minister of Agriculture even implied that to any extent at all he may not carry out the order of the house, it would bring him under the citation to which I called your attention, citation 389.

Foot-and-mouth disease—Documents

Mr. Speaker: I cannot allow a debate on this matter. The hon. member for Lake Centre has brought this matter to the attention of the house. He has asked the Minister of Agriculture that the documents be tabled. Whether they should be tabled today or tomorrow, it is not for me to say. It is not for the Speaker to say when they should be tabled. The house is the master of its own proceedings. I preside over the proceedings of the house to see that the proceedings are carried on according to the rules and standing orders of the house.

I thank the hon. member for Winnipeg North Centre (Mr. Knowles) for bringing to my attention the citation he mentioned and I also thank the hon. member for Lake Centre (Mr. Diefenbaker) for bringing to my attention the citation he mentioned. As for endeavouring to enforce any order that is passed by this house for the production of papers especially during the session in which the order is passed, I must say that it is not within my power to do so, and I rule accordingly.

Mr. Knowles: Mr. Speaker, I wish to read citation 389—

Some hon. Members: Order.

Mr. Speaker: I have given my ruling, and I rule accordingly.

Mr. Knowles: Mr. Speaker,—

Mr. Diefenbaker: Mr. Speaker, I respectfully appeal against your ruling.

And more than five members having risen:

Mr. Speaker: Call in the members.

Mr. Speaker put the question as follows:

A question of privilege was raised by the hon. member for Lake Centre (Mr. Diefenbaker) that, an order of the house having been passed this session requiring the production of certain papers and the papers having not yet been produced, Mr. Speaker should order that production should be made. Mr. Speaker ruled that it was not within his power to do so. The hon. member for Lake Centre and others have appealed the Speaker's ruling. Those in favour of the Speaker's ruling will please rise.

The house divided on the question: Shall the Speaker's decision be sustained? And the decision of the Chair was sustained on the following division:

YEAS

Messrs:

Anderson	Blue
Applewhaite	Boisvert
Ashbourne	Boucher
Balcom	Bradette
Beaudoin	Brisson
Benidickson	Brown (Essex West)
Bennett	Byrne
Bertrand	Campney
Blanchette	Carroll
Carter	MacKenzie
Cauchon	MacLean (Cape Breton North and Victoria)
Chevrier	MacNaught
Claxton	McCann
Cleaver	McCulloch
Cloutier	McCusker
Croll	McDonald (Parry Sound-Muskoka)
Dewar	McIlraith
Dube	McIvor
Dupuis	McLean (Huron-Perth)
Ferrie	McWilliam
Fournier (Hull)	Major
Fulford	Martin
Garland	Mott
Garson	Murray (Cariboo)
Gauthier (Lapointe)	Murray (Oxford)
Gauthier (Sudbury)	Mutch
George	Pearson
Gingras	Picard
Gour (Russell)	Prudham
Gourd (Chapleau)	Riley
Harrison	Robinson
Helme	Rousseau
Henderson	St. Laurent
Hetland	Simmons
Hosking	Sinclair
Howe	Sinnott
James	Smith (Moose Mountain)
Jutras	Stewart (Yorkton)
Kent	Stick
Kickham	Stuart (Charlotte)
Kirk (Antigonish-Guysborough)	Tremblay
Kirk (Digby-Yarmouth)	Viau
LaCroix	Ward
Lafontaine	Warren
Laing	Weaver
Langlois (Gaspe)	Weir
Larson	Welbourn
Leduc	Winkler
Leger	Winters
Macdonald (Edmonton East)	Wood—101.
MacDougall	

NAYS

Messrs:

Argue	Herridge
Aylesworth	Higgins
Black (Cumberland)	Johnston
Blackmore	Jones
Blair	Knight
Brooks	Knowles
Browne (St. John's West)	Lennard
Casselman	Low
Charlton	Macdonnell (Greenwood)
Churchill	Murphy
Coldwell	Noseworthy
Coyle	Nowlan
Diefenbaker	Poulin
Drew	Quelch
Fair	Ross (Souris)
Ferguson	Shaw
Fulton	Stewart (Winnipeg North)
Gagnon	Thatcher
Gillis	Tustin
Green	Wright—41.
Harkness	

Mr. Diefenbaker: Now, Mr. Speaker, on a question of privilege: the procedure is not clear, but I now give notice that I intend to ask that the house shall direct the production of these documents, and that orders of parliament shall not be flouted at the ministerial whim of any minister of the government. I do so under citation 389—

Mr. Knowles: Hear, hear; I hope you get the chance to read it.

Mr. Diefenbaker: —which reads:

If parties neglect to make returns in reasonable time, they are ordered to make them forthwith; or so much of returns as has not been made. If they continue to withhold them, they are ordered to attend at the bar of the house; and unless they satisfactorily explain the causes of their neglect, and comply with the order of the house, they will be censured or punished according to the circumstances of the case.

I give that notice, Mr. Speaker, that I intend to ask that the rights of parliament be upheld and, without prejudice to those rights, give that notice now; for unless the rights of parliament, and the orders, are to be upheld, then parliament has ceased to exist.

Mr. Speaker: I am not sure that it is within the rules to give oral notice, nor am I sure when the notice will be debated.

Mr. Diefenbaker: It is just to preserve my rights.

Mr. Speaker: Well, may I have the privilege myself of saying that I think what has been said just now proves to the house that my ruling was correct.

Mr. Knowles: It proves the very opposite.

An hon. Member: Shut up over there.

Mr. Speaker: The ground for my ruling was that it was not within my power. It may be within the power of the house.

Some hon. Members: No, no.

Mr. Diefenbaker: Lest there be any misunderstanding, anything I have said in no way derogates from your authority.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: I am not intimidated by those interruptions. I am not in any way challenging your order that the ruling is final, but I assert once again as a member of parliament my right in the House of Commons to have full information.

Mr. Speaker: Next order of business is notices of motions.

UNITED NATIONS

CO-OPERATION AMONG SPONSOR NATIONS OF NATO

Mr. Alistair Stewart (Winnipeg North) moved:

That, in the opinion of this house, if an invitation is received by the parliament of Canada to appoint delegates to meet with delegates from the legislatures of the sponsor nations of NATO, with a view to discussing their closer co-operation within the framework of the United Nations Organization, the government should give consideration to the acceptance of the invitation.

He said: Mr. Speaker, obviously the motion in my name which you have just read will not be as controversial as some of the other matters which have come up for discussion today, and that perhaps is fortunate. I hope that there will be support for this motion from members of the various parties throughout the house. As a motion it is not entirely satisfactory to myself because it is a compromise designed to get as much support as possible and, also, of course, a motion to ensure a debate in the house on NATO and the necessity for making it into an adequate and effective instrument for our purposes.

I am asking that, if an invitation is extended to the parliament of Canada to send delegates to meet with members from the legislatures of the sponsor nations of NATO, we accept it. The question arises: Who is going to bell the cat, who is going to issue this invitation? Speaking for myself, I should like to see Canada issue the invitation. I can see no reason indeed why we should not take such a lead for we have nothing to lose but our own fears. On the other hand we have everything to gain.

The more I consider the international situation and the way in which in certain aspects it is deteriorating the more convinced I become that members of parliament throughout the western democracies and all citizens will be terribly negligent in their responsibilities if they do not explore every avenue which can lead to a greater security for our people. It is possible that such a conference as I have in mind might be a failure, although I do not think it would be. I am prepared to take that chance. Some may argue that if it is a failure it will set back the cause which we have supported for an indeterminate number of years. I doubt it. What I am concerned about is finding out whether or not those ideas which many of us hold, ideas designed to make NATO stronger, have validity. The only way we can do that is by holding such a conference.

I am a believer in Atlantic union as the best way of strengthening the North Atlantic Treaty Organization. I wish to make it abundantly clear that as a supporter of Atlantic union I am in no way in the slightest opposed or hostile to the United Nations or to what the United Nations is trying to do. What I am trying to do is to make the United Nations stronger by trying to make NATO stronger.

I have no intention of going over the basic arguments for union which I adduced last year in the house. The sponsor nations which I have in mind, apart from ourselves, are the United Kingdom, the United States,

France, Belgium, the Netherlands, and Luxembourg. What I would like to see, and here I speak personally, is a union among those countries, so that we might have a common foreign policy, a common defence policy, a common currency, a common citizenship and of course a common policy along lines of trade.

Some will say today that that is visionary. It may well be. Others will say that it is revolutionary, but that it certainly is not for what we are doing is proceeding along the lines of the precedents which we have established in the past. What strikes me most forcibly is that if war comes and we are to wage it successfully and efficiently that sort of union must come about for our own preservation. Therefore it would be so much better were we to try to achieve it, to lay the foundation for it now when we are at peace even if it is a somewhat uncertain and unsettled peace.

Those who believe in union of the North Atlantic democracies have in mind a triple goal, a threefold objective. We wish to achieve freedom, security and prosperity for our peoples. It is lamentable to think that within seven years of the conclusion of a war which shook the world we are spending more than 50 per cent of our national budget on defence. We are not spending it willingly, we are doing it because we are compelled to by extraneous forces but we have to do it. We are going to spend this year on defence five times the amount of the entire budget of Canada twenty years ago and yet we are no nearer peace today than we were in 1945. Perhaps we are a little nearer than we were in 1948, but that is the best that can be said.

That being so, it is time to re-examine and re-assess the security system which we have had in the past and to some extent to which we still cling. I maintain that the needs of today demand that that security system be rebuilt. This does not mean that we scrap the instruments which we have at hand, but rather that we use them in a way which will give us the security which we crave. The only chance of safety for the nations of this world, perhaps the only possibility for many people to live in this world, is to make war impossible. The question is: How do we go about it?

One of the best ways of going about it is to make the Atlantic community a reality. The Atlantic community has come far within the last few years but still we are talking rather than doing. I have inveighed frequently in the past against the policy of the western powers as being almost entirely a negative policy, a policy designed to stop communism rather than a positive policy designed to promote the concept of democracy and freedom throughout the world. We are not going to inflame the minds of men by kindling enthusiasm for something which is entirely negative, but on the other hand if we make our policies positive, if we make policies for something instead of against something, then we shall get the support of peoples who are still unhappily somewhat hesitant.

I believe that under Atlantic union the freedom of all the individuals who were members of it would be enhanced. After all, the stress in a union such as I envisage is on the individual citizen and not upon the national governments. It is the individual citizen who is all-important. My suggestion is that we ask the citizen to transfer some of his personal sovereignty to a still greater international organization. Those of us who have only a smattering of history remember what happened in the United States before union was formed and in Canada before the dominion was formed. At that time the citizens were asked to transfer their sovereignty beyond the state and the province, to the union as it was in the United States and to the Dominion of Canada as it was here. I am suggesting that we have to extend and transfer that sovereignty even further today if we are going to be safe in the years to come. By so widening our individual sovereignty we shall automatically increase our individual security.

I have enumerated the seven nations with which I should like to enter into such an agreement. I mention them because we have a common heritage of culture, we are steeped in the same concepts of democracy. We cherish the liberties which we have in common and we have the same devotion to freedom. Above all, in such a union I am convinced that the rights of the minorities throughout these countries would be protected even more adequately than is the case just now. Today the rights of minorities are protected sometimes by a written constitution, sometimes by an unwritten constitution. Under union not only would the national constitution be operative to protect minorities, there would be legislation based upon the union which would give still greater protection.

I submit that this policy of co-operation among these nations will give still greater security in the world. If we have greater security it follows that we shall thereby enlarge our freedom. That security which we desire is growing, slowly it is true, and we welcome that growth.

The situation which exists in NATO today is indeed a far cry from that which existed a year ago when I spoke in a similar debate. I said then that the machinery whereby the supreme commander could get directives was slow and cumbersome and, indeed, dangerous in the sense that it might lull us into a false sense of security. Now the machinery is being streamlined, and we welcome it. General Ridgway will have the opportunity, denied to his predecessor for obvious reasons, of getting decisions much more quickly by the council.

Yet the fact remains that in NATO we are still putting the cart before the horse. We are still insistent on building up a military machine without as yet creating the civilian control which is so desirable. I cannot think offhand of another example in history where that has been done. Usually nations have collaborated and co-operated on a political basis first, and from that co-operation the military machine has come. Such, for understandable reasons, has not been the situation with the North Atlantic Treaty Organization. It was essential that we build up our defences as rapidly as possible. We are doing that; we are achieving the defences which we need.

The next step to be taken, and the most important one, is that we create some form of democratic control of the armed forces that are being built up in Europe. It causes one to think seriously when we realize that within two or three years General Ridgway may have under him in Europe as many as a million men and under my concept of what is an appropriate state of combat readiness, ready to defend immediately against any attack. A force of a million men is an extraordinary force to control, and in my opinion the only way it could be done adequately would be through some form of Atlantic union. But if we cannot achieve that just now—and I am afraid that we cannot—there is an alternative by which we can create some form of accountability. That is by forming a North Atlantic assembly. I shall mention that later at greater length.

What is important, and what I am sure the ministers who have attended North Atlantic Treaty Organization meetings realize as fully as anybody else, is that we cannot have security by military means alone but that we have to have economic co-operation and support in a far greater way than has been the case in the past. In other words, we have to make article 2 of NATO work. It is in our interests in Canada to make Europe prosperous. The more prosperous Europeans are the greater is the market for those things which we produce and sell. But unhappily, with certain exceptions, on this continent our history has been for the last six years that, while we were willing to help Europe with arms, we were equally willing to hinder Europe with tariffs. We are prepared to give with the one hand and to take away with the other.

I of course believe that with the creation of a free trade area among these nations we should achieve a prosperity unparalleled in history and even yet undreamed of. It may be that in so far as the general reduction of tariffs is concerned the United States is the principal culprit, but at the moment it is not my intention to allot blame. Rather I wish to further my thesis. Whether the United States became industrially the most powerful nation in the world through tariffs is questionable. I do not think so. Nor do I think the United States became such a powerful nation entirely owing to the ability and drive of its people. The real reason for the United States being so strong today is that the industrialists of that country had a tremendous area in which to sell their wares. They had a great population for whom they could manufacture and sell on a mass production basis. So the people of the United States, because of the great area in which they live and their great population, are able to get cheap production and mass production as a result of the size of the market, and accordingly their standard of living is high.

But what would happen if a market of that size were doubled within a short time? If I were an American my instinctive reaction would be that one effect of a free trade area in this group would be that there would be no more economic aid required for Europe, and that as a United States citizen I would not have to tax myself to provide this assistance to my allies. The credit needs of Europe could then be satisfied by public as well as by private investment. In Europe we should find that capital would no longer be frozen by controls necessitated of course by the chronic shortage of dollars, while the Americans and we in Canada might conceivably be willing to risk our capital in Europe because of the lack of controls. I am certain that were this free trade area to emerge there would be millions, and indeed tens of millions, of dollars available for investment on both sides of the Atlantic. There would be great prosperity.

Coming as I do from western Canada, I can see the great advantages which would accrue to that part of the country if the European nations who are our allies today had the dollars they require to buy the raw products we produce. I can see the great advantage which would accrue to farmers, fishermen, fruit growers, lumber producers, and indeed to all our raw material producers. It would be in our economic interest to do that, but

the majority have not yet realized just where our economic interest lies. This aspiration will undoubtedly be classified as visionary, no matter how essential it is to our common welfare.

The all-important fact is that the situation in Europe today is probably as precarious as it has been since the war ended. The nations of Europe who are our allies are steadily losing their markets in Asia. The market in China is lost. The market in Indonesia has been partially lost. War has disrupted Indo-China. The pattern of trade in India and Pakistan is not yet clear. Australia has decided to cut its imports by some 50 per cent, and the nations that are going to be most severely hurt and most badly affected are the nations in Europe. Where then are they going to find markets for their exports? The only area I can think of that is readily available is on the North American continent, and there is no sign yet that we are willing to take European goods. There is no sign yet that we are agreeable to implementing to the fullest article 2 of the North Atlantic Treaty Organization. Therefore we are left with the very simple fact that we shall be compelled, if we want to keep our allies strong, to pour out economic aid to Europe. If we continue to do so we are justified in asking—to what sort of allies? They will be allies, they will be governments, they will be nations which will be very much under the gun. They will be governments under pressure of events at home, and the most serious pressure of all will be that of a falling and constantly reduced standard of living with its inevitable concomitant that the lower standard of living will give encouragement to the communist parties within those countries. By our default the men of Moscow may win.

After all, with the standards of living of their people falling, and with no market in which they can sell their goods, the governments of these countries will be compelled to cut their expenditures on defence, and that is the simple fact of the situation. Therefore by default we in North America will have weakened our allies, and of course disastrously weakened ourselves. The picture I draw is pessimistic, and yet I believe it is an accurate blueprint of the future. What we have not yet realized is that the Achilles heel of the west is the tariff structure of the western nations. Some may say: Why do the Europeans not enter into a union of their own? The answer is that a European union would solve none of the problems of Europe.

European union would not solve the perpetual dollar imbalance which perplexes Europe today. European union would not give our European allies more dollars. European union would not give Europe the security it wants, because Europe cannot be secure without the assistance of North America, and we in North America must realize that we can have no security without the assistance of Europe. The other day I had the opportunity of chatting with the foreign minister of one of the NATO countries, who happened to be in Ottawa. He was quite outspoken and told me that in his opinion the only salvation of Europe lay not in European union but in Atlantic union, and that his country had gone so far as to amend its constitution to make entry into such a federation a possibility.

Here I repeat words which I am sure the Secretary of State for External Affairs (Mr. Pearson) will remember: if the North Atlantic community is to endure it must rest on something broader and deeper than military co-operation alone. In other words we come back to article 2 of the treaty. There are some in the various countries belonging to NATO who regard article 2 somewhat in the form of holy water to be sprinkled upon an instrument of power politics. That is a cynical outlook; it is a defeatist attitude, which may yet cost us dear. If any holding these views should be appointed to any national delegation to Paris we might find them not at all prepared to carry out to the uttermost the policies of their home governments, and this is something which must be guarded against. Those officials who go to Paris to attend NATO must be men who are convinced that arising from defence needs will come collaboration in other fields. We have gone a long way in military co-operation. We will need to go just as far and even further in economic co-operation, and it is essential that all the officials sent to Paris should be, so far as is humanly possible, men who are convinced that article 2 can be the reality for which we hope.

In my own mind I am convinced that the surest way to make article 2 a reality is through Atlantic union; but in the absence of such a union I am content to advocate the creation of a North American assembly. Great benefit may be derived from parliamentarians in various countries meeting each other, discussing their problems and becoming more and more conscious of mutual needs. Unquestionably there will be clashes of opinion and conflicts of ideas, which we should welcome; but I am convinced that if such an assembly were attended by men of good will and integrity, great good could come out of it.

Let us admit also that we are making progress in NATO in ways other than defence.

Once we get rid of the froth and spume of what happened at Lisbon we can see that certain real achievements have been made. For instance, two or three years ago it would have been fantastic to suppose that three individual men, not representatives of governments, would be asked and even encouraged to examine national budgets and advise sovereign nations as to how they should order their finances for the common good. That is really extraordinary; yet what is extraordinary today will be commonplace tomorrow.

Equally interesting is the fact that the decisions of the NATO council are being accepted by the member governments, by and large. I say "by and large" because owing to its constitutional structure the United States does not find itself in the same position as, let us say, the United Kingdom or Canada. In our case the Secretary of State for External Affairs, with the approval of the government, can embark upon or support a certain policy in the NATO council knowing he will be supported when he comes back to parliament. The Secretary of State of the United States can also support a policy in the NATO council, but he has no guarantee that he will have the approval of congress or the senate when he returns to Washington. Nevertheless, even admitting that, governments today are accepting the decisions of the council. As time goes on and NATO develops, more and more its decisions will be accepted by national governments.

That being so, what is NATO today, apart from being an alliance of some fourteen nations? NATO is a loosely knit assembly of diplomats, senior civil servants, admirals, generals, air marshals and all the necessary and requisite camp followers. Only occasionally do ministers who are elected representatives sit in on the councils of NATO, though undoubtedly they will have the last word. But as long as that is the case; as long as the elected representatives of the people are divorced from what NATO is actually doing, so long will there be no real sense of community developed. I am convinced that one of the urgent requirements of the day is that elected representatives of the people should help more directly in framing the policy of NATO.

That brings me back to the concept of the North Atlantic assembly. In a couple of days we are going to have the privilege of a visit from a distinguished United States delegation, which is coming to Ottawa to discuss with Canadian parliamentarians the possibility of setting up a North Atlantic assembly. Its members will include Senator Gillette of Iowa, Senator Sparkman of Alabama, Congressman Leroy Johnson of California and the Hon. Owen Roberts, formerly a justice of the United States supreme court. I have no idea what conclusions will be arrived at as a result of these meetings, but we can be certain they will be stimulating and I hope the first of many of a like nature. We shall be discussing the possibility of creating a North Atlantic assembly. Again I have no idea what shape such an assembly would take. Possibly it might be along the lines of the assembly of Europe, with the council of NATO acting as a sort of interim cabinet until we can get something much closer to the European idea.

Mr. Blackmore: If the hon. member will permit a question, has he any information as to who is appointing these men from the United States? How are they being appointed to come here to Canada?

Mr. Stewart (Winnipeg North): These men are not being appointed by anybody. They are coming up here at the invitation of Canadian members of parliament, coming on their initiative and paying their own expenses, though I hope we personally may be courteous enough to pay whatever expenses they incur while in this city. It is purely an unofficial delegation, and I think something very much worth while.

To revert to this North Atlantic assembly for a moment, the objection has been made that you could not have discussions in such an assembly without contravening security, without discussing matters which are classified. I do not hold that view. I think that in such an assembly there would be quite sufficient to discuss without getting into classified matters. The most important thing to be discussed, of course, would be the broad outlines and objectives of policy of the North Atlantic organization. If I were to put my aims and hopes into four short, succinct sentences I could do no better than quote these four points coming from a group of people in the United Kingdom who believe much as I do. They are:

1. To secure peace we need a global defence policy for the western and Atlantic community acting in partnership.
2. To carry out a common defence policy we need a common foreign policy.
3. To maintain and improve the standard and quality of living we need a partnership in economic policy.
4. To achieve this partnership in defence, foreign and economic affairs, we need regular meetings of a council of ministers, served by a common secretariat and guided by a common assembly.

When we arrive at that partnership, Mr. Speaker, when we arrive at that assembly, then the bones of NATO will become clothed in flesh and blood; then, indeed, the North Atlantic community of which we have heard so much will have become a reality.

United Nations

Hon. L. B. Pearson (Secretary of State for External Affairs): I feel, Mr. Speaker, that possibly I ought to say a word or two on this resolution, although its terms are not, as I understand them, such as to require any statement of policy on behalf of the government. The resolution reads:

That, in the opinion of this house, if an invitation is received by the parliament of Canada to appoint delegates to meet with delegates from the legislatures of the sponsor nations of NATO, with a view to discussing their closer co-operation within the framework of the United Nations organization, the government should give consideration to the acceptance of the invitation.

It will be noted, Mr. Speaker, that the invitation referred to in the resolution would be one that would be addressed to the parliament of Canada. It would not, I suppose, be appropriate for the government, as such, to reply to an invitation of that kind which would be addressed to parliament. In fact, if we did so we might very well be accused of some of these undesirable attitudes in relation to parliament which were thrown at us today by the official opposition, the leader of which is not at present in the house. Nor I believe is the external affairs spokesman of the opposition who would normally be interested in a resolution of this kind. They are no doubt engaged elsewhere on business of vital public importance. I would not for a moment accuse them of being "rude" to the house because they are not here at this time.

I believe it is quite proper, however, that someone in the government should say a few words about a resolution of this kind which deals with such a vitally important matter, even though the invitation referred to in the resolution would be one addressed to parliament. As a matter of fact, an invitation similar to that which has been suggested in the resolution was, I believe, addressed to parliament not so long ago in respect of a meeting of the Council of Europe at Strasbourg. The parliament, not the government, through the Speaker decided to send representatives to that meeting. I believe that was done, and quite properly. As a member of the government who would normally be particularly interested in a matter of this kind, I would think it would be impossible however to state in advance that the members of the government, as such, in discussion with members of their own party, would pledge themselves to the acceptance of any such invitation. I am sure the hon. member who proposed the resolution would agree that we would want to know the source of the invitation, and we would want to know something about the form in which it was couched.

This resolution does not give—I am not complaining about it because it would probably be impossible to produce a resolution which would do so—any details about the kind of invitation, whether it would be from a government or from an unofficial organization. Nor does it indicate the nature of the invitation. If, however, an invitation came from a responsible governmental source, and the hon. member who moved the resolution has suggested that possibly that responsible source might be the government of Canada, and was couched in proper terms which did not commit those who accepted it to a course of action that might be undesirable, I would think very serious consideration should be given to it, not only by the members of the government but by all the members of the house to whom it would be properly addressed as the parliament of Canada. I do not think I could or should go further than that at this time. I know that any serious proposal which would increase the co-operation of the members of NATO within the framework of the United Nations, as this resolution suggests, and which would thereby strengthen NATO, is one which should commend itself to all the members of this house as I am sure it would commend itself to the members of the government.

From that point of view, it is very easy for me to support the idea behind this resolution. I would not, however, wish that support to be interpreted later on as meaning that an invitation of any kind to the parliament of Canada to participate in a meeting of this kind would, normally and naturally, be approved by the government as such. I have had something to do with the development of NATO, and anyone who has had anything to do with that development cannot help but support any move which would strengthen co-operation between the members of NATO, and by "co-operation" within the meaning of this resolution I am not thinking so much of military co-operation as of co-operation in other fields. There is no member of NATO who is more interested in that kind of co-operation than Canada.

Mr. Diefenbaker: What does the minister mean by that?

Mr. Pearson: Co-operation in the field of foreign policy; I mean co-operation in the field of economic policy; I mean, as this resolution would seem to indicate, co-operation which would bring NATO and its policies into closer contact with the legislatures of the other countries. That is one of the things most on the mind of the hon. gentleman who has moved this resolution, and that is a question which has already been

discussed by NATO, ways and means by which the organization could be brought closer to parliament.

Hon. members will recall a committee which has been referred to in this house before, the committee of five on non-military co-operation. This committee made a report to the council at Rome and the council at Lisbon. This report was the result of a good deal of examination by a working group presided over by a Canadian official who will shortly be a member of our permanent delegation to NATO. In that report to the council of NATO at Rome, these words were included in the section on possible relations between parliamentary representatives and NATO:

> The suggestion that some form of association of parliamentary representatives with certain phases of NATO activity would be desirable was put forward in the committee chiefly with a view to developing an adequate understanding in parliaments and among the general public of NATO and its objectives, and of the role which parliamentary representatives might play in strengthening and developing the North Atlantic community.
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> No definite proposals were put forward as to how such an association might be developed. It was noted that the Council of Europe includes parliamentary representatives of most North Atlantic countries, but that it also includes certain other countries. It was suggested that some form of closer association of parliamentarians from North Atlantic countries might be developed within the framework of the North Atlantic community, and that possibly parliamentary advisers might be attached to the North Atlantic council delegations.
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> On the other hand, it was generally recognized by the committee that the problems which have arisen in the relationships between the ministerial and parliamentary organs, for example, in the Council of Europe, would apply equally to any similar arrangements in the NATO context . . . Difficulties might also arise in certain countries whose constitutional arrangements were based upon the principle of the separation of powers, and in countries in whose parliaments there were communist elements of substantial importance. The opinion was also expressed that the establishment of a council of governments in itself provides for the participation of cabinet ministers in various fields who take the responsibility of presenting NATO programs and objectives to their respective parliaments, although it was noted that in the case of at least one North Atlantic country, cabinet ministers were not directly in contact with the legislature and could not assume this responsibility.

Then the report goes on:

> It is the opinion of the committee that this is a subject—

That is, closer parliamentary association with NATO.

> —which can best be dealt with on the basis of experience and that no general recommendations can be made at this time. It should be examined further at a later date, in the light of the constitutional and political problems involved for each of the North Atlantic governments and the experience of other international bodies.

At our Lisbon meeting, in our report we included a recommendation that that subject should be one of the matters to be gone into by the permanent council, the council which is now sitting in permanent session.

Mr. Blackmore: Will the minister permit a question before he gets further away from the idea of economic co-operation?

Mr. Pearson: Yes.

Mr. Blackmore: Does the minister intend to enlarge upon or to elaborate on the meaning of economic co-operation before he finishes? If not, does he care to do so now?

Mr. Pearson: I do not want to get into a long and detailed discussion of the various forms of non-military co-operation in connection with a resolution of this kind which is primarily concerned with ways and means of bringing NATO into closer association with parliaments and the elected representatives of the people. The whole question of economic co-operation within NATO was touched on in previous statements I have made and is now the subject of examination by the NATO agencies concerned. I pointed out previously, and I do not think it would be inappropriate to mention it again now, that in dealing with economic co-operation within NATO we, as members of that organization, have to be careful not to introduce arrangements which would cut across arrangements already made between the members of larger organizations. After all, there are some of the members of NATO who belong to other associations, and all of them belong to the United Nations. We have to be quite certain that, in attempting to reduce the barriers to trade within the NATO group, we shall not be confusing and making more complex arrangements in the larger groups. However, that is all I should like to say about that particular subject at this moment.

On the question of closer parliamentary association, I myself think this is a most desirable objective to be achieved, but it is not always easy to see how it can be done. I am not sure that the procedure of parliamentary advisers which has worked well, I think, with regard to the United Nations, would be equally satisfactory with regard to the NATO council. Certainly in the NATO council meetings I have attended, a good many of the discussions have been in military committee, and a great deal of the information given there was highly secret. Although that fact would not necessarily make the attendance of any member of parliament inadvisable or undesirable—in fact it might make it more desirable—nevertheless there are represented in NATO some governments who would be highly embarrassed indeed if parliamentary representatives of larger

groups were invited to be parliamentary advisers at NATO council meetings.

I am not going to say much more about the resolution now. I do not wish at this time to get into a discussion of how far we should go, not in giving up our sovereignty but in pooling our sovereignty and making it work for us. I have stated in this house and outside of it that, in this day of complicated international relationships, it is obviously desirable, as I see it, to pool our sovereignty with other friendly states in the interests not only of our security but possibly of our survival. Every time we make a mutual aid treaty with any other country we are, in a technical sense, giving up some of our sovereignty, some control over our own affairs, but we are doing that of our own free will in the interests of our own security and of our own prosperity.

Mr. Low: And we can contract out if we wish to do so.

Mr. Pearson: We can always contract out of any arrangement that we can contract into, and which has in its terms an arrangement for withdrawal. There are such terms in nearly all international agreements. We make these decisions of our own free will. We make them first as governmental decisions. We bring them to parliament for parliamentary approval; and only after parliamentary approval are they ratified by the government. I suggest that that procedure constitutes a safeguard to make sure that the government does not make any unnecessary surrender of national rights for international security.

Mr. Diefenbaker: Will the minister allow a question? It is a matter of interest, having regard to his experience. Is Canada bound by any decision made by the government without ratification by parliament? I am asking that question for information. I am greatly interested in what the minister is saying.

Mr. Pearson: I do not believe that Canada is politically bound by any decision made by the government, or legally bound by any decision made by the government—

Mr. Diefenbaker: That is what I mean—legally bound.

Mr. Pearson: —when it is a decision in respect of an international agreement which requires ratification. The government is not bound by the signature of any such agreement before ratification. It is now well-established constitutional practice that, before such ratification should be given, parliamentary approval should be sought and obtained.

[Mr. Pearson.]

In that respect I do not think we need to fear very much about the effect on our national sovereignty of international agreements into which we enter of our free will, because they represent the will of parliament and parliament represents the will of the people.

In conclusion I would merely express, as a member of the government, my own agreement with the underlying purpose of this resolution, namely that we should encourage every method of co-operation within NATO which would strengthen that body. If a meeting of the kind that has been suggested could be held, if the invitation came from a responsible government source, and if the invitation were couched in terms which promised some desirable results, I should think that to such an invitation addressed to this parliament, the members of parliament would wish to give extremely serious consideration indeed.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Solon E. Low (Peace River): Mr. Speaker, at the outset I should like to apologize to the house because I am afraid I am forced to take part in a debate tonight for which I am not quite ready. I just returned to the city late this afternoon, after some days' absence, and found this resolution was to be debated. So I am afraid my remarks may, to some extent, be disjointed and not well arranged. However, I shall try to place before the house the position I take, personally, with respect to the resolution now before us. I hope I shall be able to make my position lucid and clear, because I would not want any of the hon. members to be under any misapprehension as to where I stand.

The resolution we are debating was introduced by the hon. member for Winnipeg North (Mr. Stewart), and reads as follows:

> That, in the opinion of this house, if an invitation is received by the parliament of Canada to appoint delegates to meet with delegates from the legislatures of the sponsor nations of NATO, with a view to discussing their closer co-operation within the framework of the United Nations Organization, the government should give consideration to the acceptance of the invitation.

Before proceeding further may I congratulate the hon. member upon his introductory speech. I thought it was lucid and eloquent, and that it set before the house this afternoon in clear terms exactly what is in the hon. member's mind with respect to future developments on a world scale. In

anything I have to say tonight I wish to assure hon. members, and particularly the hon. member for Winnipeg North, that I do not intend to descend into the use of any personalities, or to place my presentation on anything but the highest possible level, because I think the hon. member's resolution is worthy of consideration by all thinking men.

However, the hon. member did admit that his resolution, as it appears at page 9 of today's order paper, is a compromise resolution. Hon. members will recall that on February 26, 1951, the same hon. member moved a resolution in these terms:

> That, in the opinion of this house, the government should take into consideration the advisability of supporting the calling of a convention of delegates from the democracies which sponsored the North Atlantic treaty and representing the principal political parties of such democracies, for the purpose of exploring how far their peoples, and the peoples of such other democracies as the convention may invite to send delegates, can apply among them, within the framework of the United Nations, the principles of federal union.

Hon. members will notice that in the resolution now before the house no mention whatever is made of federal union; but in the mover's address this afternoon I thought he made it clear that, actually, what he seeks is at least a first step toward, if not merely an Atlantic federal union, then perhaps a world federal union.

Hon. members will also be aware of the fact that it was not just on February 26, 1951, that this idea was presented in this parliament. We go back to June 28, 1950, and if we will look at the report of the debates of the Senate, at pages 600 and 601, we will see that the Hon. W. D. Euler moved a resolution similar in terms to that moved by the hon. member for Winnipeg North on February 26, 1951.

I was not so much concerned about the wording of the resolution in the other place, because the hon. senator suggested three alternative wordings. But it was what he said in support of his resolution that intrigued me. I shall quote from page 601 of the debates of the Senate for June 28, 1950, second column, where he says—

Mr. Speaker: Order; I understand the hon. member is quoting from a quite recent debate in the Senate?

Mr. Low: No; it was on June 28, 1950.

Mr. Speaker: It is not customary to quote from debates so recent. I think perhaps it would be better if the hon. member did not do so. It is difficult for me to determine what is recent.

Mr. Low: Very well, I shall not quote it, but shall be content to paraphrase it, if that is in order.

Mr. Speaker: Under the circumstances, yes.

Mr. Low: Thank you, sir; I certainly would want always to be in order. But, to paraphrase what was said on that occasion, the chief reason for raising the resolution in the other place on the day it was raised, and for not adjourning the debate to some future date, was given as this: That on that date Mr. Clarence K. Streit called the hon. senator from New York and suggested that the other place discuss and adopt the resolution on that date because, he went on to say, it might be of sufficient importance that the Canadian Senate had passed it to introduce it into the Senate of the United States and perhaps some leverage could be gained for its passage through the Senate down in Washington. Some other remarks were made in connection with it which I would not be permitted to read into the record, but the important thing, which I again stress, is that the resolution considered and passed in the other place on that date was promulgated and introduced by the outstanding advocate in America of federal union.

Mr. Speaker: I wonder if the hon. member thinks that he cannot quote the resolution which was passed in the other place. He would be perfectly in order to do so as it is the debates in the other place which must not be referred to. The record of what has been done can be referred to.

Mr. Low: I think I have accomplished the purpose I had in mind. What I wanted to do was to relate the resolution which we are now dealing with to a world movement which is headed by one Clarence K. Streit who is the editor of a magazine called *Freedom and Union.* I have a definite and straightforward purpose in doing that, to show that today what we are actually debating is not whether we shall just call a meeting to discuss how far it is possible for the member nations of NATO to co-operate more fully under article 2 of the treaty but to see how far it would be possible for us to arrange to take the first step toward a fully integrated federal union of the NATO nations and, secondly, to use that as the ramp to catapult us into a wider federal world union. To substantiate that I turn to page 2 of the issue of December 1951 of *Freedom and Union.* The policy advocated by Mr. Streit and his organization is as follows:

> To educate the public, in the U.S. and abroad, in the principles of individual freedom and federal union, and their importance to peace, production, higher living standards and greater spiritual development and happiness.

To this end, to support the convocation now of a federal constitutional convention representing all the experienced civil liberty democracies, with a view to their forming a federal union of the free, or Atlantic union, which would guarantee their bill of rights, govern them in those fields where they agree that a common government, federally proportionate to the people, and directly elected by and responsible to them, would best advance their individual freedom, and uphold the right of each nation in the union to continue to govern all its other national affairs in complete independence.

This is the part which is quite enlightening to most of us:

To make sure that such a union shall be formed as the nucleus—the first step toward a universal free federal world government—and shall meanwhile be a loyal member of the United Nations and seek to extend the union's free federal institutions to other nations peacefully and as rapidly as practicable.

To provide a magazine forum for the presentation of all views on the whole problem of freedom and federalism.

It is quite clear that what we are dealing with is not a minor proposition put before us in this resolution. I believe that all of us could quite easily agree that it would be desirable for the free nations of the world and more particularly, now that reference has been made to them, for the NATO nations to convocate at some date representatives of their people to discuss how far it might be possible for them to more fully co-operate for the general good of those nations, for the general good of the world, for the keeping of the peace and that sort of thing. Those are noble ideals and I subscribe to them. I have no objection to going as far as the minister of external affairs suggested this afternoon namely, pooling our sovereignties, using that pool for the common good, especially in times of difficulty such as we are facing today, or in times of crisis.

But I want it understood, as I tried to make it understood by a little interjection this afternoon, that in any pooling of sovereignties that we might arrange, even to meet crises such as we now face, I think it is desirable and in the interests of the liberties of the people to make sure that when they contract in they can also contract out. That is the principle by which I stand, the right to contract out of any international obligation if conditions become intolerable for us in that international arrangement. Otherwise there is no guarantee that we shall ever be able to maintain and preserve our liberties.

So I am quite in accord with the minister and I think with the wording of the resolution, but I believe that everyone who followed the hon. member's introductory speech this afternoon saw that it really was not that that he was debating. As he went along he made such statements as that he hoped that a debate would take place on the question of how to make NATO an effective instrument for our purposes. I then asked myself, "whose purposes"?

Mr. Stewart (Winnipeg North): Canada's.

Mr. Low: That is fine. If it is Canada's, that is good and I would subscribe to it; but if "our purposes" means the purposes of a group of internationalists who are determined to use NATO as a means of catapulting us into a world state, then I think we need to be mighty careful about that part of it.

The hon. member also referred to some fears that had been expressed that the discussion of a resolution of the sort he had introduced might "set back the cause which many of us have". I wonder what that cause is? Is that the real purpose behind the resolution? Then the hon. member went on to say, I think without any equivocation, that what he sought was a political union of the Atlantic states in which there would be a surrender by each component part of its sovereignty in the field of finance, in the field of foreign affairs, in the field of defence, and if I remember correctly in one other field.

Mr. Stewart (Winnipeg North): Trade and currency.

Mr. Low: Trade and currency. I think I have sufficient to envisage that what was behind the hon. member's good intentions was an impelling desire to go further and see that eventually we take another step, which of course would be the establishment of what he was pleased to call a world free state. He said as a matter of fact that he deplored the huge sums that were being spent in preparation for war, and cited the fact that today 50 per cent of the budgets of the nations who are subscribers to the Atlantic treaty are being spent for war purposes. Well, Mr. Speaker, I deplore that too, and I suppose every member of the house deplores it. I should like to see it possible to reduce our defence expenditures to $1 if it were practicable. But the question I have to ask myself is this: Is it possible that the formation of an Atlantic federation, in which we as individual nations surrender our sovereignty, could bring peace? That is a question we have to ask ourselves. What evidence have we that it would bring peace?

Let us go one step further and look at the end which the world federal unionists have in their minds, the achievement of a world federated state. Let us take that proposition first and look at it. Is it possible that the achievement of a world federated state, with world citizenship and all these glorious things that its advocates envision attached to such a state, will ensure peace to the world? The first thing I have

to ask myself is whether it would be possible in the first place to achieve a world state. Let us debate that proposition for a minute. What does history tell us? I think history shows that the nearest thing we have ever had to a world state was the holy Roman empire which in my judgment was neither holy, Roman nor an empire, though that is what they called it. There were three things that struck me about the holy Roman empire and that I have always remembered. The first thing is that it was created as a consequence of a long drawn out series of military conquests, and in no other way. That tells me something. Second, the holy Roman empire maintained itself only by further continuous military expeditions that had to be undertaken to put down revolutions and enforce peace. It was never at peace. The third thing that I learned from history was that in the end the holy Roman empire, so-called, broke up with a crash that plunged the whole world into darkness, and not only that, but into a perpetual succession of bandit wars that lasted for many, many years.

What kind of price was paid for that form of world government? I think that the objective that the federal unionists say they want to achieve, world peace, is a worthy objective. I should like to see that world peace established, but I believe we must all be fully aware of the price we shall have to pay for it if we seek it through federal union.

I am wondering if it will be worth the price we shall have to pay for it. There is no guarantee in the world that, even if we pay the terrible price we may have to pay to set up a world federated state, it would bring peace. My judgment tells me it would not.

Mr. Blackmore: Or happiness.

Mr. Low: Or happiness. What the world government advocates refuse to see, as far as I have been able to make out in my study of their proposals, is that no federal union or world state is ever likely to be created, or maintained after it is created, except by force, the force of one very powerful state imposing its will upon the others or the force of a group of states attempting to impose their will upon the others. Is that what my hon. friend, the hon. member for Winnipeg North, would call peace? That is not my definition of peace. Let us never forget that the international communist party and the bolshevik leaders of Soviet Russia are determined to create a world state on the model of the Soviet union. No one who knows anything about history can deny that. Lenin held, and he handed down to his successors in the politburo, the conviction that the Marxist state never could live side by side and in peace with the capitalist state. They believe that and they conduct themselves as if they believe it.

At the same time the Russian communist imperialists are logical enough to know that the world state which they promote can never be achieved, can never come into existence, through universal voluntary agreement. That is why they keep huge standing armies and are hastening to build navies and air forces. They know it will have to be imposed by subversion first, undermining the existing order by subversive action in all countries, and then through the use of external armed forces after the subversive activity has done its deadly work. They know that, and that is why they are making preparations as they have been for the time when they will have to resort to all-out armed conflict in order to impose their form of social, legal and economic organization upon the world. I am convinced that no world state could possibly be created before the United States of America and the Soviet union have slugged it out and one of them emerged as the victor and the other as the vanquished; until the victor of that mammoth struggle has imposed his particular social order on the other.

These two are acknowledged to be the powerful world forces, and everybody recognizes that they stand irreconcilable with respect to what kind of social, legal and economic order the world state should have when it is finally achieved. Is it possible, therefore, I ask, to achieve a world government or a federated world state without armed conflict? If not, why is there all this foolish talk about the aim of federal union being the maintenance of peace? If a conflict should occur with these mastodons I have mentioned as the main contenders, would it be possible to get along and have any peace without having the resulting world state policed constantly and perpetually by millions of armed men? That is a question we have got to answer.

What would happen to individual freedom in such a contingency? Can anyone imagine that he would be more free than now? Yet we hear the advocates of federal union say: Surrender some of your freedom now and get bigger freedom later. Before I consent to surrender any sovereignty and freedom I am going to know to whom it is going and what they are going to use it for. Human freedom in a world state today would be suppressed just as surely as darkness follows day. Not only that, I have asked myself

what would happen to world culture. It is a good thing to have different cultures and traditions. Those are the things that make for variety and spice in life. Under a world state brought about as it would have to be today, or perhaps for that matter at any time, I am satisfied the result would be a levelling down of human cultures, because a culture is a mark of differentiation. In the conflict that inevitably would result from the drive to establish a world union or world state today, I cannot imagine that state tolerating too many differences among the people. The idea would be to level down those cultures and make them one. That is not my idea of abundant living and freedom. Any really serious effort to establish a world state today would undoubtedly destroy a good many of the cultures of the world, and any marked differentiation would not be tolerated in such a state. I recall something written by a great writer whose name escapes me for the moment, and I quote it because I agree so much with what he had to say:

> The plain reality is that the world, in terms of culture, civilization and consciousness is not and cannot be one world. And to try to make it one, against all the realities of life and nature, is far more likely to awake a spirit of rebellion than the spirit of harmony.

In my opinion the surest way to bring open world conflict is to launch a serious, determined all-out drive for a federated world state. When I say that I also want to ask this question. I do so seriously, without any attempt to throw a cloud over anybody and certainly no one in this house. If it is a fact that a serious attempt to establish a world state today would plunge us into world conflict, is it not possible that evil forces who know this may try to use a drive for world union to plunge us into a world war? That is one of the things I have to ask myself and which every responsible member of this house will have to ask. No one can deny that there are evil forces who are determined to bring open conflict because they benefit from it. Certainly they will make use of any possible spark to ignite the conflagration.

I think that is all I wish to say about the major proposition. In my judgment it will only be possible for peace to exist in this world under the rule of the divine Son of God, certainly not under the rule of an international junta of power maniacs; and I am not prepared to surrender my sovereignty to such a junta. I am concerned in the main, Mr. Speaker, about preserving the freedoms and liberties that have been won over the centuries at such cost in blood and life. The further you remove from the sovereign individual his controlling government, the more difficult it will be for him to preserve his freedoms. I am jealous of those freedoms, as I think every red-blooded Canadian must be. Under a world federation what would happen to the liberty to take part in our own government; what would happen to our liberty to worship Almighty God in our own way in our own churches, unmolested? Who is going to say my right will be preserved inviolate? The hon. member for Winnipeg North says the Atlantic union parliament will make laws. Certainly they will; but the mere making of laws is not going to secure to me in perpetuity the right to those freedoms I now hold dear.

When I speak of the freedom to worship Almighty God without molestation in my own way and in my own church, my mind goes to some other people in the world who were convinced that if they surrendered a little of their sovereignty their freedom would be enlarged. I am thinking, for example, of the people of Hungary, who at one time valued very highly their religious liberty. I wonder if their freedom was enlarged when they became a member of the ring of iron states? Ask them today. Think about Cardinal Mindszenty and some of the others. I say to you, Mr. Speaker, that when we think in terms of world government we have to think of those things we hold most dear. In any government, no matter what it is, we have to see that checks and balances are established which will preserve our freedoms inviolate.

Well, if world government cannot guarantee us peace, how in the world can anyone by any stretch of the imagination say that the complete integration of the economies and politics of the governments of the NATO nations can guarantee us peace? I should say one of the surest ways to guarantee war today would be to go all-out in the formation of an Atlantic federation with the idea of building up terrific strength to match that of the people in the other half of the world. It means that we are getting ready for the conflict, that we really believe it is coming. I have never seen any evidence that you cannot achieve by a treaty of co-operation as much as you could possibly achieve towards establishing peace in the world by a complete political and economic integration of the NATO countries.

The hon. member for Winnipeg North mentioned what I have heard so many people mention when trying to defend their views with respect to federal union. He mentioned that the United States had achieved a very workable form of government by federal union. He further said the Atlantic federal union would be exactly similar. I do not think he went quite as far as some others have gone, but I just want to point out something that a lot of people conveniently do not

remember. I have in my hand a clipping from the New York *American* of February 28, 1951. The writer unfortunately did not append his name to the article, but it hits the nail so much on the head that I want to put small parts of it on the record. This contains a comparison of the so-called NATO federal union or Atlantic union with what happened in the United States of America. The heading of this article is, "A dishonest parallel." The article reads:

George Washington, who held as one of his deepest convictions that the United States could survive only by avoiding foreign entanglements, is now quoted by advocates of world government in support of their strange proposal.

In the course of the constitutional convention, in 1787, General Washington wrote to a friend complaining that the reluctance of the individual states to surrender their sovereignty to a federal government was keeping the nation "weak, inefficient and disgraceful."

The letter has been cited by Lawrence Dawson, executive director of the United World Federalists of Illinois, as an argument in favour of his organization's proposal that this nation yield its sovereignty to a world government.

"Although General Washington was referring to the states which became the United States of America," said Mr. Dawson, "the principle of delegating sovereignty to which he referred is precisely the same principle which the United World Federalists hope to see applied through the United Nations to the entire world.

"In that limited field necessary to abolish war, we federalists believe that the world should be governed by the same system of carefully delineated and delegated central authority which has worked so magnificently . . . in our country."

Now, the writer says this, and it is very much to the point.

This is a monstrous argument. It rests on the pretense that the United States would have no more to lose in yielding its sovereignty to a world government than had each of the states in yielding to a central government created by themselves.

But the utter dishonesty of that pretense is evident at a glance.

The inhabitants of the thirteen states were all Americans.

They had local differences but they shared, all of them, the basic idea that individual liberty was the most important thing on earth, and that the only way it could be preserved was through self-government by the people.

Only if that same ideal were passionately shared by all the peoples of the world would the parallel which one-world advocates try to draw between the thirteen American states of 1787 and the nations of the earth today be accurate or honest.

I agree.

The greater part of the earth is inhabited by backward masses who have no understanding of liberty, or so much as even a dream of liberty.

And among many of the more advanced peoples the ideal of freedom, where if it survives at all, is greatly diluted.

Some have permitted themselves to be enslaved to dictatorships; others have traded off their liberties for socialism's false promises of security.

When the Messiahs of the one-world daydream suggest that America could submit to the control of nations that do not know freedom without sacrificing its own freedom, they are saying, therefore, something that simply is not true.

There is no parallel, Mr. Speaker, between what happened in the United States or what happened in Canada and what would happen in the attempt to set up Atlantic federal union or world federal union.

I think one valid argument that was used by the hon. member was that some form of Atlantic union is necessary to ensure control of the military by civil government. I believe that. I agree that his argument there was valid. Certainly, we must never allow ourselves to become in any way subject to the rule of a military junta. For that reason I am sympathetic to the idea of some kind of very close co-operation, but on a basis that would allow every nation to contract out if the conditions under which they have to work become intolerable, to see to it that a civil administration that could control the military is set up.

I agree further with my hon. friend when he says that we must do everything we can to make article 2 of the North Atlantic treaty work. Surely, his argument is sound on that. I must say, and I say this in conclusion because I know my time is running out, that the general assumption that communism spreads only throughout countries or amongst peoples who are hungry and have a lower standard of living, cannot be substantiated.

Mr. Noseworthy: What about China and Russia?

Mr. Low: Yes, I shall take China and Russia. Communism did not spread through China and Russia, but in each case it was imposed upon those countries by a very small group of communists. So it was with every other country where communism got its hold. I agree that there were intolerable conditions in the countries and there were protests against those conditions. The protests gave a small group of iron-fisted imperialists the opportunity to exploit the situation, and they used it to full advantage. Just the same every effort ought to be made to bring about co-operation amongst the Atlantic countries so that article 2 of NATO could really be made to work in the interests of peace and for the welfare of humanity.

I could subscribe to the resolution as it stands. I am prepared to go and listen to the proposition that is put forward, and to study this matter very fully. I want it clearly understood, however, that my organization is not prepared to agree to any surrender of sovereignty of the Canadian people without first letting the people know exactly what it is that is going to be surrendered, what the price is going to be; and without obtaining from the people direction in a mandate for

that surrender. Consequently, when the people indicate in no uncertain terms that they want to surrender their sovereignty, then I shall be quite ready to listen.

Mr. Jean François Pouliot (Temiscouata): I have listened with a great deal of interest, Mr. Speaker, to the remarks just made by the hon. member for Peace River (Mr. Low) on this resolution. It is an interesting resolution and reads:

> That, in the opinion of this house, if an invitation is received by the parliament of Canada to appoint delegates to meet with delegates from the legislatures of the sponsor nations of NATO, with a view to discussing their closer co-operation within the framework of the United Nations Organization, the government should give consideration to the acceptance of the invitation.

In my humble view, sir, this resolution is uncalled for, untimely, frivolous and dangerous. I shall explain that. It is based on the one-world theory of Wendell Willkie. We had some delegates who came to Canada, and when questions were put to them they could not answer them.

One bright question that was put to the delegates was this: If you have one world government, will you have any more tariff barriers? And, sir, not a word. At the same time they were asked if they would be interested in having some citizens from Alabama running in Huron, Winnipeg or in Ottawa, and if Canadians could run for election in the United States—no answer. And they were asked what they would do with the sovereignty of Canada and of the provinces; what they would do with the constitution of Canada; what they would do with the Bill of Rights and the constitution of the United States—no answer.

What surprises me very much is that they continue to speak and to elaborate their view that nobody understands. If somebody has money to waste they have only to pay $2 for a ticket for the dinner tomorrow night and to waste some time at the meeting that is going to take place in one of the rooms of the building. For me, I will not insist upon it; for I find this idea of a world government absurd in itself; it cannot work; we cannot destroy the sovereignty of all countries.

I knew it was coming to that a long time ago when patriotism was declared out of fashion, and those who are thinking of Canada as Canadians were called isolationists. We were isolationists because we were thinking of Canada before thinking of any other country. I have no objection to alliances with other countries.

Mr. Low: Hear, hear.

[Mr. Low.]

Mr. Pouliot: Union makes strength; I am for it, provided that we keep our sovereignty and that we keep the right to decide everything right here in Ottawa, and that the provinces have the right to decide what pertains to them in their capital cities.

Mr. Low: Unions for righteous purposes.

Mr. Pouliot: Exactly. And what is coming with that suggestion of world government? It is world irresponsibility.

Mr. Low: Hear, hear.

Mr. Pouliot: We will have Brock Chisholm in every field of activity, men who are responsible to no one. I remember that one day when $500,000 was voted by this parliament to send to the world health organization. A few weeks afterwards Brock Chisholm was elected the big boss of that organization. I will not say that he used that money for political purposes but we never knew what was done with it. It is not only that, sir. What particular benefit would Canada get from world government? At the present time we have treaties that bind us to the nations that have signed the NATO agreement. That is all right. It is a good thing to have allies, although I believe bilateral pacts would be much better than unilateral pacts; but on account of the difficulty in dealing in diplomatic matters with the United States and having our views accepted by the United States government, perhaps it was the only way to have an organization like the North Atlantic pact. But if you remember, sir—probably you have forgotten it—some years ago I suggested that the United States should enter into the British commonwealth as a dominion. A few days later I met some prominent Americans who were greatly scandalized, and who could not agree that the United States could be a dominion similar to Canada in such a commonwealth of nations. But now, if we have that theory of world government put in practice, the United States will not exist any longer; Canada will not exist; Great Britain will not exist; France will not exist. We will have one world; citizens of all countries and of none. How can we subscribe to that?

I give credit to the hon. gentleman who sponsors the resolution that he may be an idealist. It would be his only excuse to bring that kind of resolution here. But not only that; what I want him and the others who subscribe to his motion to understand fairly well is the consequence of creating an irresponsible organization of that kind. It is abuse; it is disaster; it is anarchy; it is complete loss of all our traditions. The world will be a big melting pot.

Mr. Low: It is.

Mr. Pouliot: Not as it is in the United States, to make good patriots of the American citizens. Patriotism will be banned; patriotism will be forbidden; patriotism will be equivalent to what treason is now according to the Criminal Code.

Well, sir, I am not to speak any longer about it. I do not think we shall take seriously the ambassadors of good will who are coming here to preach nonsense. If some people have some money to waste they can spend $2 each to go to the dinner tomorrow night, and if they have time to waste they can go to their meeting. Probably I shall go there at some time to realize once more that they cannot answer any questions that are put to them.

Mr. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, last year, as has been mentioned, a somewhat similar resolution was presented here in the House of Commons. At that time I was not present. I was a member of a group in Winnipeg that was watching for that debate with considerable interest, as were several other groups in all the major cities across Canada. To our disappointment the debate collapsed with only the mover of the resolution, the hon. member for Winnipeg North (Mr. Stewart), and the Secretary of State for External Affairs (Mr. Pearson) taking part.

The subject matter of this particular resolution is of very considerable interest and importance to many people in Canada, and it is desirable that several members participate in the debate, as has happened on this occasion, because there are various points of view to be set forward. I do not propose advocating world government; for my thinking has not carried me that far. I propose, however, supporting the resolution for reasons that follow.

We face two great problems which overshadow all our internal troubles and disputes: The problem of defence preparedness so that we may not lose our freedom, and the problem of finding a way towards enduring peace.

The energy that we devote to strengthening our defences must be matched by the energy we display in exploring every road, every path or even faintly marked trail, that leads toward peace. General Eisenhower has expressed the thoughts of millions in some of his remarks which John Gunther quoted in the Ottawa *Citizen* of April 25. These are General Eisenhower's words:

> Total war would be the suicide of our generation.
>
> We must train the youth of America to avert world war III, and not to refight world war II.
>
> There is no glory in battle worth the blood it costs.
>
> I hate war as only a soldier who has lived it can.
>
> Weakness cannot co-operate with anything. We have got to be strong.
>
> I hold that a resolute, intelligent, and frankly displayed determination to live up to our present position in the world is vital to our current and future welfare.

It is with those thoughts in mind that I approach the present subject. The importance of this motion before us is that it concentrates attention upon the problem that should be uppermost in the minds of all people, namely, can democracy survive in this era of world revolution? For we are living in a period of revolution just as important as any revolutionary period in history.

The threat of the present crisis is towards the liberty and freedom of the citizens of the democracies. I think that it is wise sometimes to look back into history, and my excursion shall be very brief. I was reading just the other day some debates of the House of Commons at Westminster dealing with army estimates. One of the hon. members there was stressing the development of weapons from the earliest times, and had reached the middle ages when he was interrupted by an hon. member on the opposite side who said: "On a point of order; are we discussing the war estimates of William the Conqueror, or what?" The Speaker intervened and said, in a kindly fashion, "I think the honourable and learned member was advancing cautiously but steadily towards the present age." I will advance a little more speedily in my review of some earlier history.

I think we should remember that democracy, as a form of government, has a very short history, when compared with other forms of government. The history of the world has shown that political power has been longer in the hands of autocrats and oligarchs than in the hands of the people. In the ancient world democratic government arose in the states of Greece, and persisted for about four hundred years. It flourished in the fifth century B.C., declined in the fourth under the Macedonian conquest, revived in feebler form after the death of Alexander the Great, and perished under the weight of the Roman empire.

Centuries elapsed before democracy was re-established. The last three hundred years have witnessed the modern flowering of democratic government. But the threat of Russian imperialism is as grave now for the democracies of today as were the threats of Sparta and of the autocrat Philip of Macedon to the democracies of Ancient Greece. They perished for the same reasons that threaten us now—lack of cohesion and of political unity. Their military alliances proved unstable. Their preparations for war were

delayed. Their policies were as well known to the enemy as to themselves, for they were debated in public. Their ranks were infiltrated by enemy sympathizers. They lacked unity of purpose. They fell, one by one, to the aggressor, although their combined strength effectively asserted would have saved them.

War may not be inevitable, but the history of the world discloses very few periods when it has not been afflicting mankind. The only long period of peace enjoyed by western Europe occurred in the first and second centuries A.D. when the Roman empire was supreme and the legions kept the barbarians in check beyond the frontiers. Several generations of men in Europe lived in freedom from the fear of war.

Their successors have not been so fortunate. No similar peaceful period was seen again until the nineteenth century, when the British fleet and the Monroe doctrine effectively discouraged any maritime adventures. The twentieth century has experienced the most devastating wars in the long and troubled history of mankind with destruction and atrocities reminiscent of Genghis Khan or of the thirty years' war.

The one compelling desire of twentieth century man is for relief from this recurring disaster. With the rapid development of the means of destruction the need for a solution to the problem of world war preoccupies our thoughts and calls for the most earnest and active measures, if civilization is not to receive a mortal blow.

Arnold Toynbee in his book "Civilization on Trial" shows clearly that we have no grounds for belief that our civilization will endure forever. During the last five or six thousand years many civilizations, he points out, have risen, have declined and have fallen. In that period of six thousand years, democracy, which gives the greatest freedom to the individual, is a form of government that has had much the briefest history. We consider it man's highest achievement in government. Can it be maintained unimpaired, safe from the foes without and the perils within?

Toynbee suggests that we are not doomed to make history repeat itself; that it is open to us through our own efforts to give history a new and unprecedented turn. He considers that we have three tasks—in politics, to establish a constitutional co-operative system of world government; in economics, to find working compromises between free enterprise and socialism; and in the life of the spirit, to put the secular superstructure back on to religious foundations. Of these three tasks the political task is the most urgent. The world is on the eve of being unified politically by one means or another. Can we stave off unification by force?

Efforts towards peace have been very great. During the nineteenth century over 400 peace organizations were formed, distributed among 15 countries, and more than a hundred international peace congresses were held. In the twentieth century we have seen many alliances formed, many peace treaties signed. We had a league of nations for twenty years, attempting to obtain security for the nations of the world by means of conference. A similar attempt has been made through the United Nations. A successful solution still seems far distant. Precarious peace is being maintained in some areas of the world now by the age-old methods of treaties, alliances and collective security measures. None of these methods in the past has prevented the outbreak of war.

Before attempting to make plans for the prevention of world war it would seem necessary to determine the causes of war. That is no easy task, for there are as many opinions as there are men who have discussed the matter. I attempted a few years ago to summarize the causes that have been advanced by leading individuals to account for the outbreak of the wars which the common people do not want. They are as follows: The natural pugnacity of mankind; economic conditions, the revolt of the have-nots against the haves; the special wickedness of a people; the imperialistic ambitions of nations; revenge for earlier defeats or for unredressed grievances; fear of encirclement; the conscious wickedness of governments, rulers, diplomats, capitalists and imperialists; the selfishness of men; the struggle of oppressed subject peoples; the activities of armament manufacturers; the breakdown of international trade; the battle for oil, raw materials and markets, and the international financiers.

Another cause was given by the late Lord Lothian, who was British ambassador to the United States in 1939, who said:

> The fundamental cause of war is neither unjust treaties, nor racial or religious or cultural differences, nor maltreatment of minorities, nor need for raw materials and markets, nor imperialist ambitions, nor strategic considerations, nor capitalism or nationalism. The cause of war is the anarchy of sovereign states. The end of war can come only through world federation.

There are others who consider that despite all our efforts the only hope for the future lies in a change in the minds and hearts of men such as Christianity can bring about through its emphasis on love and brotherhood. Lord Lothian suggested that although that is true in so far as the final abolition of war is concerned, nevertheless it is the function of politics and government to create the practical

conditions in which resort to violence will be forbidden and prevented between nations, as it is now between individuals and groups within national states.

These views give some idea of the diversity of opinion concerning the cause of war and the complexity of the problem. Unless agreement can be reached as to the cause of war it will be difficult to formulate measures to prevent war. If Lord Lothian's view be accepted that the root cause of war is anarchy, what steps are necessary to replace the present anarchy with the rule of international law? There are sixty sovereign states within the world, each a law unto itself. Because each nation is a law unto itself the secondary causes of war frequently prevail to disturb the peace of the world—the ambition of rulers, fear of encirclement and so forth.

It is obvious that sovereignty might be maintained unimpaired if the nations would of their own accord accept arbitration for the settlement of their disputes. That method is well known to Canada, the United States and Great Britain for it was thus that our boundary disputes were settled. Among the great nations of the world arbitration has been resorted to on more than two hundred occasions in the period from 1794 to 1914. It has never been accepted as a compulsory method of settling differences.

The league of nations offered a method for solving international disputes but it soon became clear that some states were not disposed to abide by the decisions of the league and preferred to withdraw from that organization. The present United Nations has disappointed in part the hopes of its founders.

Within the last thirty-seven years we have had two world wars, a league of nations and a United Nations and are now back to the old and oft-tried plan of alliance and coalition. Now it is the United States and her allies against Russia and her allies and satellites. Earlier it was Athens against Sparta, Rome against Carthage, Marlborough, Eugene and Holland against Louis XIV, the Grand Alliance against Napoleon, the Triple Entente against the Triple Alliance. Thus does history repeat itself and the prevention of world war seems as distant as ever.

As Sebastian Haffner puts it in the London *Observer* and as repeated in the *Globe and Mail* of November 26, 1951:

> In our historical experience, coalitions are short-lived and ephemeral structures. They are knocked together for the purpose of war against a common enemy, and they regularly fall apart as soon as the war and the common danger are over; or, if the expected war does not materialize, they disintegrate quietly.
>
> The great coalition, which is embodied in the North Atlantic treaty, has from its inception been meant to defy this historical law. Whatever Russian propaganda may say, it never was an alliance for war; its purpose was and is to prevent war and to enforce and maintain peace. This is a long-term aim and it means that the coalition must hold together as a working organization over a long term of years and maintain joint policies in spite of the many disruptive factors which are bound to arise between sovereign allies in the course of time.

Maintaining a coalition during the course of a war is difficult enough. A military disaster, a change of government, internal troubles—any one of these or other causes may result in the loss of an ally. Recall the difficulties that faced the allies in 1917—a military reverse in Italy, disaffection and mutiny in the French army, revolution in Russia. Only the aid and steadfastness of Britain and the United States saved the situation on the western front. In a protracted cold war period which is the endless vista before us there is the gravest danger that some of the partners might become weary of the struggle and withdraw into isolation or be weakened economically and become an easy prey to a fifth column.

Even the strongest member of the present coalition presents a problem. Bruce Hutchison writing in *Maclean's*, April 1 of this year, has this to say:

> The United States is trying to erect and lead, in a fashion never known on earth before, a world-wide coalition of free peoples whom it does not understand and frequently antagonizes through its lack of understanding.
>
> The biggest question of all—

He quotes a leading United States government figure as saying:

> —is whether a democracy under our system, and with our anti-military tradition, can build up enough power for the job, and, if it does so, whether it can maintain that power for years, maybe decades, without either using it recklessly or getting tired of the load and dissolving it, just as the Russians hope. It'll be the toughest thing we ever tackled and remember, if you foreigners need our understanding, we'll need yours.

Is the answer to this and to other problems that face the North Atlantic Treaty Organization a form of political union among the various members? The objective before us seems to have two features, one the maintenance of peace if possible by such preparations that any aggressor will be restrained from running the risk of war and, secondly, if war does occur, that the western democracies will be so strong and so united that victory in the struggle will be assured.

Some form of political union between the members of the great coalition seems essential. The differences of race do not constitute an insuperable barrier. North American man is merely western European man transplanted across the Atlantic. There are thousands and hundreds of thousands of North Americans

whose birthplace was in western Europe and millions who are descendants of western Europeans. An Atlantic community of democratic peoples numbering over 300 millions needs only the closer bonds of political union to form a unity that would be proof against the ambition of any foreign power. In that Atlantic community is contained the industrial might and power of western civilization. In that Atlantic community, united and strong and free, would be preserved the great spiritual heritage of western civilization and of Christianity.

The motion for consideration before us does not commit either the government or Canada in any way. It merely suggests that the way be kept open for consultation and investigation. Our goal is peace with honour. Our hope is for freedom and for security from the scourge of war. Closer co-operation between the sponsor nations of NATO may be the road to enduring peace. We should explore that road or any other so that we may satisfy ourselves that no effort has been spared. Vision and faith are needed in this hour if our civilization is to survive.

Mr. Alistair Stewart (Winnipeg North): Mr. Speaker—

Mr. Deputy Speaker: Order. I must inform the house that if the hon. member speaks now he will close the debate.

Mr. Stewart (Winnipeg North): There are a few words I should like to say in closing the debate. First of all, I am glad that at least three other members partook in it this year. Perhaps we shall have even more next year when some similar motion again comes before the house. What I should now like to do, however, is to clarify some of the matters which the Secretary of State for External Affairs (Mr. Pearson) raised this afternoon. As he pointed out, and as is of course the case, one cannot include every possible aspect of the situation within a resolution such as this without making it most cumbersome. The points he raised were valid and I find myself in complete agreement with them. Indeed, were I to rewrite the resolution with all points in it I would be perfectly willing to state that we should not accept an invitation to such a conference unless it came from one of the governments of the seven sponsor nations of NATO.

Second, I would assume that such an invitation would imply that there was a responsible purpose behind the invitation. Third, the whole purpose of my concept of union would be destroyed were members of parliament to go to such a conference with power to pledge the Canadian government to a certain course of action. Those whom I should like to see go to such a conference are parliamentarians on their own as parliamentarians and therefore in no way able to commit the government.

Perhaps with these matters cleared up the Secretary of State for External Affairs might feel able to accept the resolution, weak in some ways though I think it is. The hon. member for Assiniboia (Mr. Argue) has just told me that he hopes to be able to say a few words on his resolution. Therefore I shall be very brief in what I have to say. I should like to comment much more fully upon the interesting and informative speech made by the hon. member for Winnipeg South Centre (Mr. Churchill) but time precludes. As for the hon. member for Temiscouata (Mr. Pouliot), I listened to him with interest but he always seems to me to have an infinite capacity for reducing his own views to absurdity.

The hon. member for Peace River (Mr. Low) gave us a very interesting contribution but I thought he was chasing intellectual hares. He quoted the New York *American* with some relish but I assume he has not seen recent copies of the Chicago *Tribune* which really outdo the *American* considerably. In fact the resident Ottawa correspondent of the Chicago *Tribune* recently wrote to his paper implying that certain United States senators were coming to Ottawa to sell out their country. I assure the hon. member for Peace River that if he follows the *Tribune* closely he will find a great deal of ammunition against us Atlantic unionists but of course most of it would be completely erroneous. I think the hon. member for Peace River was arguing against something for which I was not arguing. I was discussing the proposition of federal union throughout the world. I do not think world government is a practical proposition today but I do think by some form of union we could appreciably strengthen NATO. The hon. member for Peace River asks for an alliance into which we can contract and out of which we can contract. *Per contra,* our allies could contract out of that alliance just as rapidly as we could, and there would simply be no security of any sort whatsoever with such a loose conglomeration of nations ready to get out when the going got tough.

I am an Atlantic unionist. I should like to see these seven nations brought together very closely, and I should like to see it done without benefit of war. As I said this afternoon, if war comes, survival will demand that we enter into that form of union. But I was only arguing for Atlantic union. Obviously we are not going to get it within the predictable future. Therefore I am prepared to compromise to a substantial extent on my

views in the hope of creating something stronger than we have now. I believe Atlantic union amongst these seven nations would give us power so great that any potential aggressor would think several times before he attacked us. After all, wars today are not only won on the field of battle. They are won principally in the factories. They are won by industrial potential, and these seven countries together would control almost 70 per cent of the world's industrial potential. With that behind us we should be in an extraordinarily strong position, strong enough, I suggest, to offer the best hope for escape from the scourge of war.

Motion agreed to.

FAMILY ALLOWANCES ACT

PROPOSAL TO INCREASE AMOUNTS PAID TO COMPENSATE FOR INCREASE IN COST OF LIVING

Mr. H. R. Argue (Assiniboia) moved:

That, in the opinion of this house, the government should give consideration to the advisability of introducing legislation increasing the amounts paid under the Family Allowances Act to the extent necessary to compensate for the increase in the cost of living since the said act was first enacted.

He said: Mr. Speaker, it gives me a great deal of pleasure this evening to move the foregoing resolution.

As hon. members will recall, the Family Allowances Act was enacted on August 5, 1944. It came into operation when the first payments were made in July, 1945. The prime minister of that day, the Right Hon. W. L. Mackenzie King, in introducing the family allowances motion and bill, stated that it was one of the important measures the government was going to take towards post-war reconstruction and the introduction of a new era. I believe the Family Allowances Act has been of great value especially to families in the low income groups. Because of the improvements that have resulted from family allowances by way of better clothing, food and medical care, and improved educational opportunity, all citizens of Canada stand to gain. Benefit has resulted mainly to the children of low income families, but I welcome the fact that family allowances are paid without a means test.

The government can and does recover from those in the higher income brackets a large part of what they receive in family allowances, if not perhaps even more. Family allowances have made an important contribution in improving health standards among our children. I believe they have resulted in children being able to obtain a better education. If young Canadians grow up in better health and receive a better education they will be in a better position to help produce the wealth of this country. If they have been reared in good health and given a more adequate education, in their adult life they will be more productive and consequently the net result to Canada will be a betterment in our standards for generations to come. I believe the family allowance is a good investment in the future, and will pay the nation enormous dividends.

When introducing the legislation the late prime minister, Mr. King, pointed out that in the first six months of 1944 some 39·3 per cent of all those presenting themselves for enlistment for active service were rejected. It was Mr. King's opinion that if the Family Allowances Act had been in operation in the days of the great depression that rejection rate would have been much lower. Family allowance is a good investment if peace is maintained in the years to come. It is an equally good investment if our nation should once more face an emergency such as prevailed in 1944.

I think hon. members will agree that if the Family Allowances Act was good in August, 1944, and if the payments of those days were the payments that should be made under such legislation, those payments do not represent the same purchasing power today. In other words, as the years have gone by the value of the family allowance has been reduced. So I present this motion in the hope that the house may support not a real increase in the value of the family allowance cheque but a restoration of the family allowance to the same purchasing power it possessed in August, 1944. It may be said, as is true, that if this resolution were adopted it would add a substantial sum to our expenditure, and it may be argued we are not in a position to meet such additional payments. I think hon. members should remember that the payment of family allowances is not at all in the same position as, for example, an increased vote for national defence or rearmament. When we spend money on arms we spend it on something that does not go into consumption in Canada and does not improve our standard of living. On the other hand an increase in the family allowance is merely a redistribution of purchasing power among Canadians, and I believe it is time low income families were

given family allowance cheques which would purchase a great deal more than is the case today.

Then I believe an increase in the family allowance would mean a definite improvement in our home market. Canada is facing a real emergency, not because we cannot produce enough food but because agriculture surpluses are piling up. I do not suppose the Canadian market could absorb all those surpluses, but I am sure that if the government increased family allowances there would be a greater consumption of such food as meat, milk, butter and eggs. People enjoying a high standard of living consume a high protein diet, and it is those very protein foods that are in surplus in Canada today. I believe that by increasing the family allowance we would provide an increased Canadian market for agricultural products.

The government has tried various fiscal measures to control inflation. Apparently inflation has been brought under control, at least temporarily, but inflation in the last few years has been terrific. The price level is up; the cost of living is up. Because of that increase in the cost of living, because inflation has resulted from the failure of the government to take adequate measures, I say there is a responsibility on the government to do what it can to alleviate the inflation that exists today and therefore should restore the value of the family allowance. There has been a small decrease in the cost of living in recent months. There has been a somewhat larger decrease in the wholesale index. Agricultural products are in surplus supply. There is substantial unemployment. Everyone knows that inflation is usually followed by deflation and often by depression. I believe the payment of the family allowance together with the other social security measures we now have in effect, such as the old age pension, in themselves provide a cushion against possible depression. In other words, whether inflation or deflation should come, it is in our best interests to increase the value of the family allowance.

There has been a terrific increase in the cost of living since August, 1944, when this legislation was enacted. At that time the cost of living index stood at 118·9. In March, 1952, it stood at 189·1. There had been an increase in the cost-of-living index within that period of 59 per cent. I am suggesting that the government should increase family allowances to the extent of approximately 60 per cent. I should like to see the minimum monthly payment per child increased from $5 to $8. I should like to see the maximum monthly payment per child increased from $8 to $13, with the other payments varying accordingly. I say I propose that family allowances should be increased by 60 per cent in order to compensate for the general increase in the cost-of-living index.

I believe that family allowances are spent by the mothers of Canada mainly on clothing and food for the children. The clothing index has increased more than the general cost-of-living index. In August, 1944, the clothing index was 121·5; in March of this year that index was 211·2, an increase of 74 per cent. I say, therefore, that a suggested increase in the family allowance of 60 per cent is a moderate one and is 14 per cent less than the increase in the clothing index since August, 1944. The increase in the food index has been even more substantial. In August, 1944, the food index was 131·5; in March of this year that index was 241·7, an increase in that period of 84 per cent. Surely, a suggested increase of 60 per cent in the family allowance is most moderate, as it is actually 24 per cent less than the increase in the food index.

As I have already stated I suggest a 60 per cent increase in the family allowance because, since 1944, the general cost of living has increased by approximately that amount. I believe if the family allowance were increased that increase would be used by the mothers of Canada, almost without exception, to improve the health and nutritional standards of their families. One of the most important commodities for the growing child to receive is milk. Canada can produce lots of milk. We have a surplus of cheese in Ontario now, which is just another form of milk. Our dairy surpluses are threatening the dairy industry, yet statistics show that from 1946 to 1951 there has been a decrease in the consumption of milk in Canada. In 1946 Canadians consumed almost 6,000,000,000 pounds of milk; in 1951 it was 5,865,000,000 or a decrease within that five-year period of 2 per cent. But that does not tell the whole story. From 1941 to 1951 there was an increase in the population of Canada of 18·6 per cent, apart from the population of Newfoundland. A 2 per cent decrease in the actual consumption of milk between 1946 and 1951, therefore, because of the increase in population becomes a greater per capita percentage decrease. I estimate in those five years from 1946 to 1951, because of inflation, because of the high cost of living and the fact that low income groups could not afford to buy all the milk their families needed, milk consumption per capita in Canada dropped by approximately 10 per cent.

I believe, Mr. Speaker, that the consumption of milk in Canada would increase substantially with an increase in the family

allowance. We have milk in surplus supply. The only thing standing in the way of many thousands of Canadian children receiving more milk is the fact that their parents have not got the money to buy it at present high prices. I believe that an increase in the family allowance would not only allow mothers to buy necessary increased quantities of milk, but would result in the general nutritional standards being raised. It would result in these children being better clothed, receiving better medical care and being given an opportunity for better education.

At the present time we are engaged in a large rearmament program. Democracy throughout the world is being challenged. But if we are to protect democracy in Canada, I do not think we should allow large defence expenditures to stand in the way of maintaining the value of our social security legislation. Real production in Canada is going up year after year. In his speech the other night the Minister of Finance (Mr. Abbott) pointed out that within the last year real production in Canada had increased by more than 5 per cent. I do not believe that this resolution of mine really goes far enough. I should, perhaps, be advocating that the real value of the family allowance should be steadily increased. But in the hope that the government will give my proposition more favourable consideration, I have kept my proposal within what I consider moderate bounds.

All I am saying to the government in this resolution is, do not allow defence expenditures or any other claim on budget revenues to stand in the way of protecting the purchasing power of the family allowance, the old age pension or other social security measures. Can Canada afford such an increase today? The increase would amount to approximately $192 million based on the estimated cost of family allowances during this year of $320·5 million. For this year our gross national product is estimated at $22·5 billion. Surely we can afford something less than one per cent for the welfare of Canadian children. Surely, we can afford something less than one per cent of the gross national product in order to restore the purchasing power of the family allowance.

The sum of $5 a month for a child under 6 years of age, $8 a month for a child of 13, 14 or 15 years of age, is not very much. No one expects the government, or the parliament of Canada, to make provision of family allowances to the point necessary to maintain a child in a home. In other words, the parents must have a continuing responsibility. Is $5 a month now, for an infant child, of sufficient help in relation to the cost of keeping that newborn child in health, in comfort and growing satisfactorily?

Perhaps some hon. members, like myself, have purchased the last issue of *Life* magazine. In that magazine is set out the cost in New York of a layette. As I understand it, a layette consists of all the provisions and equipment that a mother needs for a newborn child, the first child. She needs these provisions to take care of the child when she brings it home from the hospital. In New York it is estimated that the cost of the average layette is $400. This article goes on to point out that the mother, if she budgets very carefully, may provide all of the things necessary to care for her newborn child for the amount of $275. It takes a lot of family allowance cheques to reach the sum of $275. It takes 55 family allowance cheques; it takes almost five years for the present family allowance cheques to total the smallest sum, according to *Life* magazine, that it is necessary to spend on provisions to take care of a newborn child.

I use that example, Mr. Speaker, to point out that the present family allowance cheque is wholly inadequate. My resolution, I repeat, asks the house to consider not an increase in the real value of family allowances but merely that this house is of the opinion that the purchasing power of the family allowance cheque should be restored.

When family allowances were mentioned in Canada, before the act was passed, it was stated by a lot of people that the provision of family allowance cheques to a percentage of mothers in Canada would result in the cheques being spent on riotous living, and for things other than the benefit of the children in the home. But the statistics that have come from the experience in the Department of National Health and Welfare show that Canadian mothers, almost without exception, spend the family allowance cheques wisely and to the advantage of their children. Children to the number of 2,956,844 were in receipt of family allowances in 1945-46. There were 1,910,192 families in receipt of family allowances in 1950-51. Of almost 2 million families in receipt of family allowances, only 56 prosecutions were under consideration. In other words, Mr. Speaker, only one mother out of every 33,000 mothers in Canada was even suspected of having spent the family allowance cheque unwisely. Therefore I say that the experience of the family allowance branch of the Department of National Health and Welfare is a real tribute to Canadian mothers. Canadian mothers take the family allowance cheques and almost without exception spend them for the welfare of their own children.

By improving the health standards of our children, and by improving educational standards, on becoming adult citizens they will be, because of family allowance legislation, healthier citizens, better educated citizens and will consequently make a better contribution to the welfare of Canada and of the world.

Once again I say that democracy cannot afford to stand still. Our way of life is on trial. It is not good enough for us to mark time on social security measures. It is not even good enough for us to protect the value of social security measures that have been legislated in the past; rather, because of ever increasing production in Canada, our social security legislation should be improved and expanded. Therefore I say to the government the very least we can do in parliament at this time, if we are to keep faith with Canadian motherhood, is to restore the purchasing power of the family allowances.

Mr. Martin: Before we end this debate may I suggest that momentarily we refer to motions and give the Minister of Agriculture (Mr. Gardiner) the opportunity to make a brief statement, and after that we shall return to this motion.

Mr. Deputy Speaker: Agreed?

Some hon. Members: Agreed.

LIVESTOCK

FOOT-AND-MOUTH DISEASE—FURTHER OUTBREAK IN SASKATCHEWAN

Right Hon. J. G. Gardiner (Minister of Agriculture): Mr. Speaker, this morning we had notice that there was another suspected foot-and-mouth disease case reported near Weyburn. We have checked the case today and have confirmed that it is foot-and-mouth disease. The location is section 2, township 9, range 14, west of the 2nd meridian. This location is five miles northeast of Weyburn near a flag station called Mansur. There are 41 cattle involved so far. Source of infection has not been uncovered, but it is believed there are some contacts as well.

FAMILY ALLOWANCES ACT

PROPOSAL TO INCREASE AMOUNTS PAID TO COMPENSATE FOR INCREASE IN COST OF LIVING

The house resumed consideration of the motion of Mr. Argue:

That, in the opinion of this house, the government should give consideration to the advisability of introducing legislation increasing the amounts paid under the Family Allowances Act to the extent necessary to compensate for the increase in the cost of living since the said act was first enacted.

[Mr. Argue.]

(Translation):

Mr. Raoul Poulin (Beauce): Mr. Speaker, I would like to add a few words only in support of the resolution moved by the hon. member for Assiniboia (Mr. Argue). On two occasions I suggested to the house that the government could and should increase the amount of family allowances. I have not changed my mind on the matter especially in view of the substantial increase in the cost of living these past few years. It would seem,—and this is fortunate,—that the cost of living is becoming more stable. Nevertheless it is still considerably higher than it was when the government passed this fair family allowances legislation.

The member who preceded me and who moved this resolution stressed the way mothers, in particular, are using the money received in the form of family allowances. I have the privilege of living in the country, while my humble calling puts me, moreover, in daily touch with families of all classes and circumstances.

If I trust my humble experience, I think I may state again, in this house, that our families are putting to excellent use the money these cheques bring them. You can hardly imagine, Mr. Speaker, how happy our mothers are, and how proud even, to use their family allowance cheques in order to furnish their small children with, amongst other things, the medicine and the medical attention they need.

Now, it is possible, and even very probable, that in some cases, though very rarely, there may have been some abuse which only confirms the general rule.

But I repeat that the great majority of our families make proper use of that extra money they receive every month. From the social point of view, I believe nobody can contend that this government investment is not well-advised. Everyone agrees that the family is an essential institution which we must strive to preserve and develop, since the family is still the great reservoir that supplies the nation with its manpower and population increases.

We are counting on immigration to increase the population of Canada. We are not discussing that matter now. May I say though that we should first look to the family to obtain the surplus population needed to develop in our country true Canadian citizens. It is the family that above all will give us true Canadian citizens.

Well, to my mind, family allowances are an excellent means of helping and encouraging our Canadian families. Therefore, it is an excellent piece of legislation both from a social and an economic standpoint.

Once again I say that the increase in the amount of family allowances should not necessarily be of a permanent nature; and so, I would be quite willing to suggest that should the cost of living go down, this increase in the family allowance cheques could be reduced proportionately.

The mover of the resolution has suggested an increase of 60 per cent. That may not be enough. Perhaps we might simply consider doubling the amount of the allowance for the time being, only to reduce it gradually as the cost of living decreases.

In any event, I do not wish to take up too much time. I only wanted to add a few words to those of the mover of the resolution and to say that, in my humble opinion, a splendid opportunity awaits the government of improving an already excellent piece of social legislation which could nevertheless be made even better.

(Text):

Hon. Paul Martin (Minister of National Health and Welfare): Mr. Speaker, the resolution before the house reads:

That, in the opinion of this house, the government should give consideration to the advisability of introducing legislation increasing the amounts paid under the Family Allowances Act to the extent necessary to compensate for the increase in the cost of living since the said act was first enacted.

The hon. member who proposed the resolution, along with the hon. member who has just taken his seat, referred to the soundness of the principle of the family allowances measure first envisaged in the throne speech some eight years ago. Many members will recall the debate that ensued following the introduction of the measure in 1944. That measure was passed, in spite of vigorous opposition in the house from certain quarters, and vigorous opposition outside the house from certain quarters.

The government of that day—

Mr. Knowles: Passed unanimously.

Mr. Martin: —headed by the Right Hon. William Lyon Mackenzie King, whose government, and whose succeeding governments, have been responsible for all acts of social legislation on our statute books, indicated at that time that one of the reasons the government was introducing the measure at a time when we were still engaged in spending much of the resources of the nation in the prosecution of a war, was the fact that 84 per cent of the children of Canada depended for their maintenance upon some 19 per cent of the working population. That was a consideration which moved the government of that day to make the proposal which ultimately ensued in the Family Allowances Act as we know it, subject to the amendments introduced in this house two years ago.

The Family Allowances Act on our statute books is not certainly the first family allowances act passed by any country. There were some 30 countries of the world that had family allowances legislation before it was introduced in Canada. But it is safe to say that, with the exception of two countries, no country had a scheme of family allowances based on the same direction as is the statute we are discussing tonight.

In many of the European nations family allowances were opposed by labour, largely because those measures were used as a means to depress the wage levels prevailing in those particular countries. In Canada the labour movement, represented by the three congresses of labour and other corresponding bodies in Canada, gave immediate support to this measure, because it was clearly indicated in the introduction of the measure, and by the very provisions of the act itself, that the introduction of family allowances in Canada was not intended as a means of denying any legitimate wage demand that might be made by any group of employees.

And so our measure was introduced, as the prime minister of that day said, as one further evidence of the capacity of a democratic nation to provide within the responsibility of governmental obligation a measure of social reform for the people subject to its authority.

It is significant that while there was opposition in the house to the family allowances measure, one does not find any political party in Canada today taking issue with it. Indeed some of those who were its opponents, and whose names are recorded in *Hansard* as expressing at that time, I am sure, their honest views, are now to be found in the ranks of those who give strong support to the measure. And perhaps that is one of the best evidences of the soundness of the measure as introduced by the government of the day.

The hon. member who has spoken undoubtedly cannot be accused of having offered his resolution at this time in answer to the speech made in this house last week by the hon. member for Moose Jaw (Mr. Thatcher). I say that because his resolution has been on the order paper for some time. But it is

not without significance that the only strong suggestion made in this house from any quarter for a retrogressive change in the Family Allowances Act has come from the member for Moose Jaw, one of my hon. friend's own colleagues.

An hon. Member: We disown him.

Mr. Martin: I am sure the hon. member for Moose Jaw meant well when he made the suggestion he did, but it is a matter of interest to note that thus far in this house the only real expression of opposition to the family allowances measure as presently drafted came from an hon. member who sits but two places from the hon. gentleman who moved this resolution.

Mr. Noseworthy: You cannot get any political capital out of that.

Mr. Martin: I am not trying to make any political capital. The reason I mention that is that in taking the position that I will take tonight I am sure the hon. member who has just interrupted me will be among the first to say that this government has lost interest in social reform because it could not and did not accept this particular motion. That is the reason why I referred to the incident of disagreement between distinguished members of the same political party sitting almost at the end of the gangplank.

Mr. Knowles: You will walk it yourself one of these days.

Mr. Martin: This is not the only proposal that has been made for a change in the Family Allowances Act. The correspondence and contact that I have had with those interested in amendments to the Family Allowances Act indicate a stronger attempt to lengthen the eligible age for family allowances than to increase the amount. I think my correspondence has been five to one asking that the age be increased from sixteen to eighteen years. As a matter of fact the suggestion has been made in this house that family allowances should be paid up to twenty-one years and not concluded at age sixteen. One might easily say to the hon. gentleman who has made this proposal tonight that if there was any change to be made in the family allowances measure consideration would have to be given as to the priority of these two suggestions.

My hon. friend might be the first to say: "Let us do both. He is in the happy position of being on the suggesting end. I, along with my colleagues in the government, have to bear in mind the cost that is involved in these measures and their relationship to existing social measures and to the over-all obligations of the government and the people of Canada at this time. My hon. friend in his peroration—I thought it very good although I am not commenting now on its soundness—suggested that I should not regard the question of cost at all, that I should realize that we are a democracy and that the way a democracy could survive was by the government giving constant and repeated evidence of its interest in the health and social welfare of the people. With that sentiment I of course agree and I think the government has given real evidence of its interest in that regard.

Where I disagree is that we must consider the question of the cost of these measures. We have seen evidence in the past year in some countries where they have had to engage in a policy of retrenchment of social measures. Why? Because they had to consider, as any government or parliament must, the cost of these things.

Mr. Wright: Or because it was a Conservative government.

Mr. Martin: I did not catch that interesting interpolation, but I would like to get it.

Mr. Wright: Or because it was a Conservative government.

Mr. Martin: I do not quite appreciate the significance of my hon. friend's interjection, but it likely has a significance I do not yet see. We are now spending in Canada about $1,500 million on health and social security measures on the account of federal and provincial governments. The old age security measure which was introduced in parliament at the last session raised our expenditures in the field of social security by over $300 million.

The hon. gentleman may think that all that one has to do is to make a proposal and, because it is meritorious, it should be adopted regardless of the cost. I have never lost an opportunity when speaking about these things —I think my record and indeed that of the government in these matters is no less sincere than that of the hon. gentleman who proposed this resolution—to indicate, as I think we should when discussing such measures, the extent to which we can guarantee their continuance. The money for these measures does not come out of our pockets as a government or out of the pockets of any individual member or group of members of parliament. True, we make our contributions to the general tax fund, but the moneys for all of these measures must come from but one source, the hard work of the Canadian people. There is no other source. Consequently when one comes to consider the desirability of any particular proposal one

must relate it to the capacity of the people, in the light of all the obligations of the government, to meet the cost of the proposal if accepted. That is certainly true of this measure.

We are spending, as I say, $1,500 million this year—the federal government, the provincial governments and voluntary organizations—on health and welfare. The federal government is charged with the responsibility of administering substantially 80 per cent of that figure. I submit that that is a significant sum of money which has to be raised by taxation imposed on the people of this country, on those who represent the class of people who are directly represented in the 84 per cent of the population that have to be maintained by roughly 19 per cent of the working population of the country.

One is often charged in the administration of these measures with being profligate and insensible to the relation between the capacity to pay and the benefits obtained. I deny and the government denies that in the administration of these measures or in the adoption of any of these measures we have been profligate. We have sought at all times, from the Old Age Pensions Act of 1926 up to the present time, to relate our expenditures to the national income, to the national product and generally to the capacity of the nation to meet these obligations.

When one thinks that today we are paying slightly less, in terms of the budget of the nation, on health and welfare than we were in 1938 one cannot be accused of engaging in irresponsible administration. Of course it will be argued, as indeed the hon. member for Rosetown-Biggar (Mr. Coldwell) argued the other night, that if that is the case the country can give consideration to increasing its expenditures, particularly in the field of social security. But in making that suggestion I think the hon. member overlooked the fact that $2,000 million is being budgeted this year for national defence.

That does not represent, we hope, a normal expenditure of government but an expenditure of government which we believe to be desirable at this time in the interests of maintaining decency, and civilization, and making our contribution toward peace by supporting the North Atlantic Treaty Organization. We have paid out in family allowances $1,882 million from the inauguration of family allowance payments up to March 31, 1952. As the hon. gentleman who moved the resolution has said, there can be no doubt about the social benefits of this provision. Family allowances undoubtedly, based not upon emotional anticipation but upon actual continuing checks and surveys, have helped Canadian parents to provide better food, better shelter, better clothing, improved health care and education for their children. Generally speaking there can be no doubt about these benefits. Therefore I am in full accord with what the hon. gentleman has had to say in that particular, as indeed I am sure is every hon. member of the house.

On the other hand, it is interesting to note that by the time a child reaches the age of 16 we estimate that on the average that child will have received throughout his or her period of life up to the age of 16 something in the neighbourhood of $1,188. That represents a considerable sum of money, particularly for the low income groups. It does give parents an opportunity of doing something for their children which, but for the existence of this measure, they would not be able to do. I think one of the most salutary results of the family allowances measure is that in every one of our provinces since 1945 when the act became effective school attendance has gone up to its highest point and has not receded except for two cases in one year. That is of course a result of the highest value. It is a result that other countries cannot claim largely because there is not the same strictness of administration in some countries as in our own. The moment a child under 16 years ceases attending school in Canada payment is suspended unless an adequate reason for non-attendance of the child at school is given by the parent responsible or by the person acting in the status of a parent.

The immensity of our program, which now costs us over $300 million a year, may be seen in the following figure. If the United States, for instance, were to adopt a program such as ours it would cost that country $3,500 million a year. It is not for us of course to comment on the existence of legislation in that country, but I think the immensity of our own program is seen in the fact that it would cost almost $3½ billion a year if a family allowance measure were adopted in the United States. Therefore, in suggesting as the hon. member did that there should be an increase in the amount paid under the Family Allowances Act, I am sure he would not want to have us interpret his suggestion as meaning that the present plan does not represent a very substantial social measure involving a very substantial sum of money.

The fact is that it does represent the second most costly social venture that this country has undertaken, a venture which in our case is more expensive and more extensive in its financial benefits than the benefits paid under family allowances measures of any other country in the world but one. It is interesting to compare some of our benefits with those in countries where the family allowances

measure is somewhat comparable. It would have been interesting to have the hon. gentleman indicate how our measure compares with other countries such as New Zealand, Australia or Great Britain. Because they are relative comparisons I should like to give comparative figures at this time. First of all with respect to the total amount spent on family allowances in any one year on a per capita basis, as well of course as the total amount spent since the inauguration of family allowances, Canada leads all countries on the basis of payments as they are at present altogether apart from the proposal of my hon. friend which he says would amount to another $192 million a year.

The percentage of net national income spent on family allowances in New Zealand is 2·65 compared with 2·15 in Canada, but the Canadian figure of 2·15, compared with 1·41 for Australia and ·57 for Great Britain, indicates that the Family Allowances Act as it stands with relation to existing benefits represents an amount of money which demonstrates the determination of the people of Canada to provide the most satisfactory family allowances program possible. Likewise it would have been interesting if he had compared the relation of family allowance payments to other social security expenditures. In Canada, for instance, for the year 1951 family allowance expenditures represented 27·7 per cent of all social security expenditures, taking into account the veterans charter, the Old Age Pensions Act of that day, the national health program, the unemployment insurance measure and various other miscellaneous measures that come within this category. Let us compare that with the proportionate expenditure made in Australia and other countries, that is to say, the relation of family allowance expenditures made in Australia and other countries to other social security expenditures—in those countries. In Australia the percentage is 24·6 per cent, in Great Britain 4·7 per cent and in New Zealand 23 per cent.

Therefore Canada's 27·7 per cent represents the fact that our family allowance program is larger in percentage of relation to social security expenditures than that of any other of the countries with which I think comparison is justified. That is significant. What my hon. friend has done tonight is to urge that, although Canada leads in that it is able to say that its family allowance payments represent a greater portion of social security expenditures than in these other countries, we should still increase that expenditure and bring it, as he conceivably would if he carried his proposal to a logical conclusion, away out of proportion with existing social expenditures or other expenditures that he and others propose from time to time in the house. He said that at the present time we were paying family allowances to some 2 million children. Well, he has underestimated the extent of this program. I am sure he meant to give the higher figure, which for the sake of accuracy is 4,513,000 children. In other words 4,513,000 children receive every month from the regional offices of the family allowance division moneys contributed by the taxpayers of Canada for the purposes envisaged in the Family Allowances Act. That is a tremendous figure. It represents 1,960,000 families, which is also a significant figure. The total monthly cost of this program to Canada is some $27 million a month. Hon. members have seen the departmental estimates for this year, and they will see that we are budgeting for a total of $332,150,000 for family allowances for this year.

I submit to you, Mr. Speaker, and to other members of this house, particularly the hon. gentleman in whose name this resolution stands, that this figure of $332,150,000 must be kept in mind in discussing a resolution such as that now offered to the house. In 1946 our total expenditure on family allowances was $240 million. When you realize that we are now spending $332 million on family allowances, altogether apart from the old age security payments which amount to well over $300 million, and which will increase because of our ageing population, while I would not say the hon. gentleman is not responsible, one has to clearly relate these figures to the capacity of this nation to meet these costs, particularly when we are committed to the extent of $2 billion by way of building up our defences. I think nothing would be more regrettable than to give our people the impression that there is no limit to what we can do in these matters. Nothing would be more unfortunate than to convey the impression that nothing is beyond the capacity of this nation which is now so heavily taxed; and I believe that on occasion no hon. gentleman is more vociferous in regard to the level of taxation this government has had to impose than the hon. gentleman who introduced this resolution. I can only say to him that the proposal he makes would only give increasing justification to those who sometimes deplore the extent of taxation.

My hon. friend says we should relate the cost of family allowances to the cost of living. I have had to do with the administration of these measures for six years now, which has given me an opportunity to see what other countries have done and what people who have spent a good bit of time studying these measures think about their relation to the

cost of living. If you want to damn a social security program, just relate it to that aspect of the problem. A social security program must be constant. It must be so arranged as to never encourage retrenchment. It must be so arranged as to be capable of improvement, not diminution. If you relate the cost of living at any one period to the social security benefit you will get the same result they got in France and Switzerland, where the total cost of many of these measures has gone far below the level when they were first introduced. The pretext given in every case I know of was that after the measures were introduced they were related to increases in the cost of living. When the cost of living went down the benefits were reduced, not only proportionately but often well below the original level. So on that ground alone I do not think the proposal of the hon. member is sound.

There is another consideration. My friend argues as though these family allowance payments or any of these social benefits were intended as complete grants to cover the total maintenance of a child or, in the case of the old age pension, an aged person.

Mr. Argue: I said the very opposite.

Mr. Martin: Then that will confirm what I am about to say, and will be an argument in favour of the position I am now taking. These grants, family allowance payments or any others, are only grants toward maintenance. No one suggests that a child can be maintained for sixteen years on some $1,100. What we do argue is that but for the money contributed under this program millions of children in this country since 1945 would have been denied many of the necessities and opportunities which this measure has afforded them. As I have said, without any increase whatever in the payments the family allowance program this year is going to cost $332 million. Compare that with the total figure for the first year the act was in force; look at the figures year after year, and it will be seen that the annual cost of family allowances has increased step by step. In addition we have the increasing cost of old age security and so on, which incidentally in a ten year period is going to increase very materially. While I take second place to no one in my desire to promote these measures, I certainly would not want to recommend to this house a proposal which in all honesty I would feel could not possibly be met at a later date within the financial capacity of this nation as presently known or as far as one can see into the future.

Naturally the government has great sympathy with this resolution. The government was the author of this legislation. This was not a proposal that came from the other side of the house. It was not suggested by the C.C.F. party, though they claim credit for spurring the government on with regard to it. This proposal was first made in this house by the then hon. member for Compton; that is to say, for the first time after the parliament which lasted from 1930 to 1935. About twelve years before that the suggestion had been made by another hon. member, also a supporter of the Liberal party. It is not that I want to say hon. gentlemen have not contributed to this measure—

Mr. Gillis: We pushed you all the way.

Mr. Martin: —it is because of that very kind of observation. I am sure the words I have used tonight will not be referred to in the speeches made by hon. gentlemen opposite, but the fact is that the C.C.F. party had no contributing initiative whatever in connection with the Family Allowances Act, nor did the party sitting immediately opposite. Indeed the leader of that party in the house at that time, Mr. Bracken, referred to it as a bribe, as an iniquitous measure. My hon. friend the leader of the opposition (Mr. Drew) is now coming into the chamber. I am glad, because it gives me the opportunity to say that when he was premier of Ontario he took strong exception to the passage of the Family Allowances Act.

Mr. Drew: Mr. Speaker—

Some hon. Members: Oh, oh.

Mr. Drew: Yes, hon. members may laugh, but the fact remains that the Minister of National Health and Welfare (Mr. Martin) has been repeating the same inaccurate statements over and over again. The minister knows quite well that in the Ontario legislature I stated with the utmost clarity that our government supported—

An hon. Member: Oh, oh.

Mr. Drew: Go ahead; I have no doubt whatever that no matter what the leader of the house at the moment says, you can count on the member for Coast-Capilano (Mr. Sinclair) getting into this so you do not need to encourage him. The fact remains that in so far as family allowances are concerned, the matter was put forward by the Ontario government and the minister knows quite well that we were anxious to discuss it. The criticism was of the method that was followed in dealing with a thing of this kind without consulting the provinces, in the way that they did.

Mr. Sinclair: Since my name has been mentioned, perhaps I should enter this debate, although I did not want to until the member

mentioned my name. On at least five occasions I have put on the records the actual words used by the then premier of Ontario in a CBC broadcast. The words were to this effect: I shall fight this iniquitous legislation in every court in the land. As usual, he did not. He talked big, but he did nothing.

Mr. Drew: That is just exactly the sort of statement I would expect from the member.

Mr. Sinclair: Accurate.

Mr. Drew: It is highly inaccurate, and he has on several occasions given a false impression of what was said at that time by simply taking a truncated section of that speech. The minister knows because the minister sat in the conference we had held just before that. So far as the province of Ontario was concerned we were very anxious to deal with this subject, and that criticism was criticism of the procedure that had been followed. I have just raised this question now because, if the motion is to be discussed, then by all means it should be discussed; but if we are to get further afield I shall have to go further afield and deal with any remarks that are made.

Mr. Sinclair: On a point of privilege, Mr. Speaker. My word in this house has been impugned and I want to ask the leader of the opposition just one question, if the words I used from his CBC broadcast are untrue, because I remember those words. I have studied them. Did he or did he not say, talking about family allowances and as premier of Ontario: "I shall fight this iniquitous legislation in every court in the land."

Mr. Drew: The hon. member is so inaccurate I am not going to bother answering.

Mr. Martin: The hon. leader of the opposition was not in the house when I was about to make an observation concerning opposition to family allowances. I was going to refer to his participation in the family allowance measure when he was, I know, unavoidably engaged upstairs. But he has come into the house, and I thought in fairness to the comment I made about the C.C.F. party taking credit for all these measures, certainly without evidence to support their taking credit for one iota of this measure—

Mr. Gillis: Will the minister permit a question?

Mr. Martin: Just a minute. I thought that in fairness to the leader of the opposition I should wait until he came into the house before referring to him.

Mr. Gillis: Does the minister not recollect that in the C.C.F. program of 1942 there were family allowances. The members in this group argued with the members on that side of the house for two years striving to prove to them that this was a desirable piece of legislation. After it was popularized and sold to the Canadian people, the government realized that they ought to enact it in 1944 in order to get elected.

Mr. Martin: I certainly do enjoy the hon. member's questions, which always turn into very effective speeches. I simply want to say to him that I have not the same familiarity with the platform of the C.C.F. that he has. If he is referring to something in the C.C.F. platform of 1942 advocated family allowances, I want to tell him that the hon. member for Compton made his speech urging family allowances in 1935. I suspect the framers of the C.C.F. program—

Mr. Knowles: Health insurance was in the Liberal party platform in 1919.

Mr. Martin: What I like about the hon. member for Winnipeg North Centre is that he never loses an opportunity to tell this house and the country of his interest in social reform, and I do not deny his interest. But the moment anyone else takes any measure of credit, he is up on his feet interrupting the speaker.

Mr. Knowles: I just wanted to give the Liberal party credit for the fact they had health insurance in their program in 1919.

Mr. Martin: I want to leave the member for Winnipeg North Centre, and I want to say that I do not see him too much but there are occasions, if he will not misunderstand me, when I hear him too often. I do not want to be unfair to the leader of the opposition, but I do say to him with all sincerity—if I had known this debate was going to take this constructive turn I would have had the material available—that my recollection, and it is pretty vivid is that the hon. gentleman—I have not any doubt for motives that were sincere—did take the position substantially taken by the leader of the Conservative party in this house at that time. A resolution was introduced—here are the words that I had in my mind. This is an excerpt from a radio address by Mr. Drew appearing in the Toronto *Globe and Mail* of August 10, 1944.

Mr. Sinclair: He was Premier Drew then.

Mr. Martin: This excerpt reads:

> Warning that Ontario faces "the most alarming constitutional crisis since confederation," and condemnation of the King government for enacting legislation of vast import to the provinces without consulting those provinces, were voiced last night by Ontario Premier George A. Drew in a radio address broadcast over a province-wide network.

Premier Drew also declared that in passing the baby bonus bill Prime Minister King knew "the bill was not worth the paper it is written on."

I must say that I am glad now the leader of the opposition knows that the bill is worth the paper it is written on.

Mr. Drew: Certainly, because, Mr. Speaker—

Some hon. Members: Oh, oh.

Mr. Drew: Mr. Speaker, it is an entirely different proposition to deal with the minister than to deal with his self-constituted assistant, but I do remind him of this. What he has already read supports exactly what I said that the subject was discussed on the basis of a constitutional issue, and he knows perfectly well—

Mr. Sinclair: Wait until the next paragraph.

Mr. Drew: —that the province of Ontario, at a time when I was still premier of that province, entered into the proper arrangements to provide facilities needed for the officials of that department to carry this into effect; that is what made it possible to implement the act. If that had not been done, what I said would have been correct.

Mr. Martin: I should like to read the balance of it:

He said the government of Ontario would do everything in its power to see that "this iniquitous legislation" does not go into effect.

Mr. Sinclair: You heard that before tonight?

Mr. Martin: I continue the quotation:

He charged that passing the baby bonus bill and similar measures was an "arrogant usurpation" of powers.

"If the Ontario government submitted to this," he said, "then we would be handing over the rights of this province to a government which has shown only too clearly that it submits to the will of Quebec."

"This," he said, "is the simple issue," and demanded: "Are we going to permit one isolationist province to dominate the destiny of a divided Canada? I hope that each one of you will answer that with a resounding no, which will be heard in every part of the province of Quebec."

"I hope," he said, "that the people of every other province will give the same answer to this question which must be answered one way or the other very soon. And I go so far as to hope that the same answer will be given by many people in Quebec who must have felt heartsick and ashamed that their province has been made to appear before the world in such a shameful role."

The past is the past. What I want to emphasize now is that this measure is supported by every hon. member in this house except I take it the C.C.F. member for Moose Jaw (Mr. Thatcher).

Mr. Sinclair: And George Drew.

Mr. Martin: Every hon. member now supports this measure. That confirms the wisdom of the measure; that confirms the arguments that were made in this house—and they were strong, stormy arguments, as all of us who were in this house at that time will remember; so much so that one hon. member left this house—

Mr. Sinclair: One honest Tory.

Mr. Martin: —and came back to it only after several days of absence because of an altercation he had with one of your predecessors, Mr. Speaker.

Mr. Coldwell: As I remember it, his was the only voice against it.

Mr. Sinclair: He was a Tory, and then he resigned.

Mr. Martin: But now, every one supports the measure, a measure that is part of our social security program.

There is another argument that I should like to address to the hon. member who introduced this resolution.

Mr. Argue: Don't talk it out.

Mr. Martin: If hon. members sometimes would not take so long in proposing things, the government would not have so much difficulty in bringing forward its reply. The hon. member, in proposing this measure, belongs to the party that says we should not have social security legislation by the piecemeal technique. We must bring in the whole social security program in one piece of legislation to cover every conceivable avenue of social reform. What has he done tonight? He has brought in, in an isolated way, a proposal with regard to one measure which he himself said will cost $192 million.

Mr. Sinclair: Page the hon. member for Moose Jaw.

Mr. Martin: We had a parliamentary committee examining a program for old age security that was going to cost over $300 million, and even the hon. member for Winnipeg North Centre (Mr. Knowles) was one of those who thought that several months of study should be given before we finally decided on the old age security measure that we now have. And so my hon. friend offers this proposal. I say he does not offer it because he wants to demonstrate that he is against the new political philosophy of the hon. member for Moose Jaw since his resolution, as I said a moment ago, has been on the order paper for some time. But I am sure there was no happier man than the hon. member when he realized in the last hour, yes, the last two or three hours, when private members' resolutions were to be discussed, that he would be able to send out to Saskatchewan and to other parts of the country, his view that there should be no means test applied

to family allowances as distinguished from the proposal made by the hon. member for Moose Jaw.

I do not attack in any way the sincerity of the hon. member for Moose Jaw or the sincerity of the hon. member who proposed this resolution; but what I do say is that the speech of the hon. member who proposed this resolution is one that gives evidence of the soundness of the government's approach to this whole business of social reform, introduced by the same administration that gave us old age pensions, with opposition in another place; by the same party that introduced the veterans charter; by the same party that introduced unemployment insurance; by the same party that introduced the national health program and by the same party that accepted the recommendation of an all-party committee to bring in old age security.

Mr. Sinclair: The Liberal party.

Mr. Martin: All of these measures are costing us, as I say, $1,500 million. That represents a sizeable proportion of the resources of this nation, which can be paid for only, as I say, out of one source, namely, the hard work of the people of this country. And if I judge their temper aright, they do want these measures, but they want us to make sure that we give adequate study to each project before we finally adopt it, and put it on the statute books for all time to come.

Dealing finally with my hon. friend's conclusion, when he said that we should demonstrate to the world that a wealthy and powerful nation like Canada should not hesitate to do all that it could to improve the social conditions of our people, I say that our country is doing that. I do not know of any country in the last three years that has adopted as important and as significant a social security program as Canada, at a time when it is calling upon its people to spend so much of its resources to arrest potential aggression in the world. On reflection, I know that my friend will leave this chamber tonight, go down the dignified pavement of parliament and will say: Well, you know, perhaps it was my—inexperience—my youthful impulsiveness—that led me to suggest that Canada was not leading the way at this time—

Mr. Knowles: That is not what he will say, and you know it.

Mr. Martin: —both as to her contribution to national defence and in her contribution to the building up of the North Atlantic Treaty Organization and her support to the United Nations. Also at a time when she is not forgetting to do what she can to improve the standard of life of her people through the veterans charter, through the old age security program, through the national health program, and now through the Family Allowances Act, which we have been discussing, and the amendment which the hon. member has put before us in an interesting way tonight.

Mr. Argue: There is one minute left.

Mr. Martin: My hon. friend says that there is one minute left. That gives me the opportunity of saying this. I agree with my hon. friend that this measure has given the mothers and fathers of this country an opportunity to be really tested. There have been abuses in the Family Allowances Act; there has been fraud. But the number of occasions on which we have had to authorize prosecutions is relatively insignificant in respect of a program that is costing us well over $300 million, but which for the purposes of administration is costing us less than $4 million. I submit to you, Mr. Speaker, at eleven o'clock this night that my hon. friend's resolution has served to remind us of the great value of the great social security act which bears the name in this country of family allowances.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Mr. Speaker, the Prime Minister mentioned today that it has become urgent that we deal with legislation concerning the veterans because the delegation of the Legion will be in Ottawa next week and wish to see the legislation before they make their representations before the veterans affairs committee. Therefore tomorrow we will proceed witth the motion setting up the special committee on veterans affairs. Then we shall take up the resolution preceding the bills relating to veterans: first, the motion on legislation respecting the war veterans allowances; second, the motion on the Veterans Benefit Act, 1951; third, the motion on the Veterans Insurance Act; fourth, the motion on the Pension Act, and then we will revert to the debate on the budget.

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

HOUSE OF COMMONS

Tuesday, April 29, 1952

The house met at three o'clock.

RAILWAYS, CANALS AND TELEGRAPH LINES

CONCURRENCE IN THIRD REPORT OF STANDING COMMITTEE

Mr. H. B. McCulloch (Pictou) presented the third report of the standing committee on railways, canals and telegraph lines, and moved that the report be concurred in.

Motion agreed to.

ANIMAL CONTAGIOUS DISEASES

SASKATCHEWAN—TABLING OF CORRESPONDENCE —REFERENCE TO AGRICULTURE COMMITTEE

Right Hon. J. G. Gardiner (Minister of Agriculture): Mr. Speaker, before motions are proceeded with, and in view of the discussion we had yesterday, I should like to make a suggestion to the house. I have before me a motion moved by the hon. member for Lake Centre (Mr. Diefenbaker) which was passed on March 12 and referred to yesterday. This reads as follows:

> For a copy of all communications that passed between veterinary officials either provincial or federal and the federal Department of Agriculture, together with all records since the 17th day of November, 1951, relative to the cattle epidemic of vesicular stomatitis or foot-and-mouth disease in Saskatchewan, also all certificates or statements of analysis showing the results of the chemical examination of suspected specimens of either of said cattle diseases.

I should like to say to the house, through you, Mr. Speaker, that the first part of the motion, "for a copy of all communications that passed between veterinary officials either provincial or federal and the federal Department of Agriculture", cannot be acceded to because I have not been able to find any such documents on the record. Then the motion goes on:

> . . . together with all records since the 17th day of November, 1951, relative to the cattle epidemic of vesicular stomatitis or foot-and-mouth disease in Saskatchewan . . .

There is some doubt in my mind as to whether there is very much in the way of records in connection with this matter. There are on the files of the department, either here or at Regina, but mostly here, communications between the officials of the department. That is to say, one official would say to another, "we are doing so and so," and suggest to him what he should do. I submit that that kind of record has always been considered to be privileged, provided that the minister desires it should be privileged. This has been the general practice, and I think one can easily understand why it should be so. I am not going to refer to Beauchesne or Bourinot in connection with the matter, further than to say it is indicated in many places that unless that were the general rule it would be difficult to carry on government as a government should be carried on. I quite agree with that.

That has been the general practice. As a matter of fact, shortly after I came into this house no less a parliamentarian than the late Lord Bennett gave me a lecture on it which I have never forgotten. I think it has been generally admitted that kind of thing is privileged.

I realize that this is a rather unusual situation in that everybody has been more or less stirred up over the fighting of foot-and-mouth disease and is naturally interested in it. If the house agrees, I am quite prepared to table what is looked upon as privileged—that is, to table all the communications which are on the file. There is nothing in any of them that the government need be concerned about making available. They are the usual communications that pass back and forth between officials when they are administering anything in any department. I am quite prepared to table them all, but I should like to suggest to the house that it might approve a motion which I should like to move without notice. I know that the rules of the house require that I give two days' notice.

Mr. Diefenbaker: To alter the order, I presume.

Mr. Gardiner: Not to alter the order at all. I am prepared to accept the order in spite of the fact that it is poorly drawn.

Mr. Diefenbaker: It was drawn well enough to cause the minister trouble.

Mr. Gardiner: I now move:

> That the subject of the prevalence of foot-and mouth disease in the province of Saskatchewan and its attendant ramifications be referred immediately to the standing committee on agriculture and colonization.

Mr. Ross (Souris): A nice cover-up.

Mr. Gardiner: Again I say that I know I require the unanimous consent of the house. If I have not unanimous consent, then I should

like the house to take it as a notice of motion and we can discuss the matter at a later time.

I think it should be recognized by the house that the officials of the department have some interest in this kind of thing. It is all very well to say that we in the house have an interest in it. We have, but men who have made their lifework the work of a department have some interest in it too. Because of the discussions that have taken place here, I assume that the meetings of the standing committee on agriculture are going to be more or less of a trial of the individuals responsible for the administration of the health of animals branch of the Department of Agriculture. In fairness to these men I think I should not place on the table of the house documents which will be a part of the evidence—practically all the evidence that will be produced—before the country and put the officials in a position where they will have to wait three or four days or a week and listen to the discussion of these documents throughout the country and see it in the press without their having any opportunity to be heard.

I think it would be helpful if we could permit this matter to be dealt with immediately by the committee. The committee is meeting tomorrow morning. It was being called to consider the wheat board report and to organize for that purpose. Instead of doing that it can occupy its time by going immediately into this question. My suggestion is that by unanimous consent the house should agree to the committee going immediately into a discussion of the question tomorrow, with the knowledge that I am quite prepared to put all the documents on the table of the house, whether privileged or otherwise, and leave them in the hands of hon. members.

Mr. Coldwell: May I ask the minister a question? Perhaps I should address the Minister of Justice. Do these documents include the report I asked for yesterday, namely, the report made by "F" division, C.I.B., Regina town station, Royal Canadian Mounted Police, dated March 20, 1952, with respect to the Animal Contagious Diseases Act?

Mr. Garson: Replying to my hon. friend's question, I may say that in the administration of the mounted police we cannot permit the production of confidential police reports of this kind. If we do, we destroy the whole value of securing them, for reasons which I explained yesterday.

Mr. Coldwell: I understand there is no security involved in this case.

[Mr. Gardiner.]

Mr. Garson: The position is that when police reports are prepared upon any matter at all they are prepared upon the assumption that they are confidential and are not going to be produced anywhere. A lot of information is put in them on that basis that would under no circumstances be put into a document which was not prepared with that in view. Therefore for many years the department has resisted the production of such documents, and we must continue to do so. For that matter I do not think they would shed a great deal of light upon the question in any event, because what should be concerned here is largely a matter of people speaking about animal diseases who are qualified experts in that field.

Mr. Coldwell: I understand the report discusses the quarantine and the manner in which it was carried out. It seems to me that is of as much importance to the committee as any other document.

Mr. Garson: With respect to the last point raised by my hon. friend, if he is concerned about establishing the facts as to the quarantine there is no reason why he cannot establish them by having the policemen called who were in charge of establishing the quarantine and having them give their evidence orally to the committee. That would be much more satisfactory than reading a report with speculation and the like in it.

Mr. J. G. Diefenbaker (Lake Centre): To begin with, I want to say that the minister's explanation today is merely an exculpatory method of refusing to carry out the will of the house.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: An order was passed by the house on March 12 with the minister's consent and approval. Time has gone by. On April 7 an inquiry was made about the matter, and the same course of procrastination and postponement was followed then. The minister now says: I will comply in my own way with the order of parliament. That is an added affront to parliament. No one can atone for his failure to give the full record to parliament by simply saying: I am not going to do it in the way parliament orders; I have my own alternative which I now offer.

Mr. St. Laurent: There is no alternative.

Mr. Diefenbaker: This matter is a serious one. Unless members of parliament can rely on records being brought down when parliament so orders; unless parliament can rely on the fact that the records possessed by the departments will not be selectively reviewed,

with the ones that can cause no difficulty being produced and the rest concealed, then an order of parliament means nothing.

Yesterday the minister made this unusual statement, as found at page 1649 of *Hansard*. He said:

> There are some documents—as a matter of fact, I did not know this one was in existence and I do not know how the hon. member found out about it. The only document that was mentioned is the one which I think the government official who sent the message should be in a position to deal with.

I ask that the minister table these records in parliament.

Mr. St. Laurent: He said he would.

Mr. Diefenbaker: I ask that he do not make them subject to what a committee may decide or consider proper.

Mr. St. Laurent: He has offered to table them right away.

Mr. Diefenbaker: I ask that they be tabled in the house. That is the only way for the house to be satisfied that the order has been carried out. I hope that what took place yesterday will not be repeated. As to consenting to proceeding with the motion the minister has introduced, my personal submission is that I can see no reason for the house to give such consent. There is only one way in which to comply with an order of the house, and that is to table the record. What I requested yesterday was that the record and documents the minister has should be tabled. That was voted down when I tried to secure action on the part of the government. It was then that the Prime Minister (Mr. St. Laurent) might very well have risen and said to his minister: Produce the documents.

I ask that these documents be tabled now, and that no subterfuge be adopted whereby parliament must submit to a committee the right to say what parliament shall have.

Right Hon. L. S. St. Laurent (Prime Minister): In view of the hon. member's intimation as to what I should have done yesterday, may I remind him that the request he made yesterday was that Mr. Speaker make an order in the exercise of his powers. Mr. Speaker decided that he had no power to make such an order, that it could be made only by the house itself. It was against that decision that an appeal was taken and a vote registered, not at all upon the question whether any special document should have been laid on the table.

The hon. member does not appear to have been any more attentive to what was being said today than he was to what took place yesterday, because today the Minister of Agriculture (Mr. Gardiner) said that in spite of the fact that in his view it was not usual to table certain of these documents, he was quite prepared to lay the whole file on the table. He merely added that because of the understanding from the very first day this house met that this matter would be referred to the select committee on agriculture, he proposed doing today what in my experience has always been done and what was done no later than yesterday, when by leave of the house there was a motion by the Minister of Trade and Commerce (Mr. Howe) to refer to a committee the reports he had tabled.

Mr. Diefenbaker: These are not reports.

Mr. St. Laurent: That is something which in my experience is current practice; but if there is objection to its being done without notice, the hon. gentleman or any other hon. gentleman has only to say he objects and it cannot be done without notice. Then notice will be placed in *Votes and Proceedings* and the motion will be called when the forty-eight hours have expired.

There have been complaints within the last few days because this matter has not yet got to the committee on agriculture, but apparently when a move is made to have it brought before the committee a technical objection is raised. It is the right of any hon. member to raise such an objection if he thinks the public interest or any other interest will be served thereby, and I am sure His Honour would not put this motion until he had satisfied himself there was no such objection.

Mr. Coldwell: May I ask one question to get this clear in my mind? I understand that the minister now proposes to do what he refused to do yesterday, namely, table the documents in question, but that he is making that conditional upon the house accepting the motion to refer the matter to the committee.

Mr. St. Laurent: No.

Mr. Coldwell: The Prime Minister says that is not so. What does the minister say?

Mr. Gardiner: I thought I made it very plain that if it is the wish of the house, as I understand it is, I am quite prepared to table all the documents, but I want to go on record as saying that I am tabling documents which are usually privileged in this house. In other words I do not want to be presumed to be committing anyone in future to what I am doing on this occasion. I am quite prepared to lay on the table of the house all the documents that by any stretch of the imagination can be brought under this motion.

Some hon. Members: Oh, oh.

Mr. Gardiner: I am prepared to lay on the table all those I think ought to be there and all those anybody else might think should be there.

Some hon. Members: Oh, oh.

Mr. Gardiner: Just wait until I get through. I am prepared to lay on the table all those anybody might think should be there, and there are no others in the record. They will all be laid on the table.

Mr. Coldwell: May I suggest to the minister that he table the documents and then move his motion referring the matter to the committee, because apparently there is confusion in the house.

Mr. Gardiner: There is one thing I would like to impress upon everyone here; whether or not it has any effect upon the hon. member for Lake Centre I must say it anyway. Yesterday the worst case of foot-and-mouth disease we have yet had broke out. We should not have officials who should be out fighting this disease down here before a committee any longer than is necessary, and I think it is most important that these proceedings be started tomorrow. I am not making that as a condition in connection with the tabling of the documents; I am prepared to table all the documents unless the house should say I must not do so in order to protect something or other. I am quite prepared to table them.

An hon. Member: Table them.

Mr. Gardiner: All right. My hon. friend says I refused to table them yesterday. I did not refuse to table them yesterday.

Some hon. Members: Oh, oh.

Mr. Gardiner: Let us get this thing straight. A little laughing is not going to help it any; this is not a laughing matter. I said yesterday that these documents would be available at what I thought was the proper time. Perhaps it was not the proper thing to say but I said they would be available. The only thing I have in mind is that civil servants ought to have some rights in connection with a matter of this kind. I am not going to try to be the defender of the civil servants in connection with this matter. I am going to listen to their evidence, and I presume every member of that committee will do the same thing. Then when they have heard all the evidence they will make up their minds. But I am sure the hon. member for Lake Centre will agree that there never has been a case brought before any court in which it has been a good thing to prepare the public for a decision in a certain direction before the evidence has been heard.

I think we should start in tomorrow morning hearing the evidence. I am not making that a condition, but I believe it should be done. If the house will not agree to that, then I ask—I said this before, but I want to repeat it—that what I have said today be considered as notice so the question may be brought up forty-eight hours hence. I repeat that I do not think forty-eight hours should be taken up in that way. Already, I have had to order one of the officials who should be out in Saskatchewan to remain here so he would be available any time this matter came up, in order that hon. members might question him. I think we should expedite that hearing as much as possible, and that is the only idea I have in mind. We have nothing to be concerned about in connection with this, any more than any other members of the house. For that reason I am quite prepared to lay these documents on the table; and I now do so. You can deal with them as you see fit, but I still think we should have the committee meet tomorrow.

I now move:

That the subject of the prevalence of foot-and-mouth disease in the province of Saskatchewan and its attendant ramifications be referred immediately to the standing committee on agriculture and colonization.

Mr. Diefenbaker: Mr. Speaker, the minister having properly and graciously complied with the order of the house, certainly that is all we want. Let me say to the Prime Minister, however, in reply to his gratuitous remark as to whether the public interest or any other interest is served, that the interest of parliament must be served; and that was the purpose of bringing up this matter on a question of privilege.

Mr. Speaker: The house has heard the motion. Is it the pleasure of the house to adopt the motion?

Motion (Mr. Gardiner) agreed to.

VETERANS AFFAIRS

APPOINTMENT OF SPECIAL COMMITTEE

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

That a select committee be appointed to consider a bill respecting allowances for war veterans and their dependents, and to consider such other matters relating to veterans affairs that may be referred to the committee; with power to send for persons, papers and records; to print its proceedings, and report from time to time to the house; that the provisions of section 1, standing order 65, be waived in respect to this committee; and that the said committee shall consist of the following members: Messrs. Balcer, Balcom, Bennett, Blair, Brooks, Carter, Corry, Croll, Cruickshank, Dickey, George, Gillis, Green, Harkness, Herridge, Hosking, Jutras, Langlois (Gaspe), Larson, Lennard, MacDougall, McWilliam, Mott, Mutch, Quelch, Roberge, Ross (Souris), Thomas, Tremblay, Weaver, White (Hastings-Peterborough).

Mr. Brooks: Is the minister going to give us an explanation?

Mr. Lapointe: I hardly think this resolution calls for any lengthy explanation. It is the usual resolution setting up a committee to study the legislation which will be introduced following the other resolutions now on the order paper.

Mr. A. J. Brooks (Royal): I should like to say, Mr. Speaker, that I am extremely pleased that the minister is setting up this committee. The only regret is that it was not set up sooner. I understand that there is a rush now to get through these resolutions before the house so that we may set up the committee and hear the views of the veterans within the next few days. This rush is just a further argument for a standing committee of this house on veterans affairs. This is a matter which has been brought before the house on a number of occasions, not only by me but by other members as well.

I do not think there is any more important subject with which this house has to deal than that of veterans affairs. There are quite a number of standing committees, and many of them never sit at all. Year after year they are set up and simply exist on paper, but the veterans affairs committee is one that could and should sit every year. Since 1935 when I came to this house we have had almost yearly veterans affairs committees. We had a committee last year, one in 1948, one in 1945, and one in 1946. This is an indication that the veterans affairs committee should be set up as a permanent institution of this house.

As I said a moment ago, veterans affairs are most important and are becoming increasingly important. After the first war we had only the first war veterans with which to deal. Today we have the veterans of the second world war, and we shall have the veterans from the Korean war. It is difficult to estimate how many veterans we may have in the future. A standing committee on veterans affairs has also been urged by all the veterans organizations across this country. They have made their recommendations to the cabinet. Therefore I ask that this matter be given favourable consideration by the government.

We may think that we have veterans affairs fairly well settled, but the changing conditions in the cost of living and in the manner of living in this country make changes necessary in this type of legislation. Just a few days ago I noticed that in the maritime provinces the officials of the Veterans Land Act were meeting. They were very much concerned over the fact that many of the young men who had been placed on the farms were now leaving them. They found it impossible to carry on under the regulations which had been issued. I do not see any mention of that matter in any of the resolutions which are on the order paper today.

I might refer also to the number of members on this committee. Today it is thirty-one, the same as last year when we criticized the small number on the committee. In 1945, for instance, there were sixty members of that committee; in 1948 the smallest committee we had was thirty-five. There are a large number of veterans in this house, and I think we could easily increase the number on that committee. I am not going to press the point, Mr. Speaker, because it is not as important as the setting up of a permanent committee on veterans affairs, nor is it as important as another matter to which I should like to refer for a few minutes.

The terms of reference of a committee are, of course, the most important part of the resolution setting up the committee. We may ask ourselves whether our present terms of reference are broad enough. In my opinion they are not. The terms of reference in 1945 and 1946 were entirely different from those which we had in 1951, and different from the terms of reference which we have before us today. In 1945 we were permitted to consider all the legislation passed since the commencement of the war with Germany with regard to pensions, treatment, re-establishment, hospitalization, and so on. The committee was given very broad scope. In 1946 the terms were broad enough to consider nearly all veterans questions. Last year and this year, in my opinion, the terms of reference have been very narrow. For instance, in 1951 we considered them so narrow we tried to have them amended in the house to include the War Veterans Allowance Act. This motion was voted down, but repeatedly in the sessions of the committee we asked that this matter be referred back to the house so that the terms of reference might be broadened to include what we considered the most important matters concerning veterans.

I consider that last year the committee's hands were tied, and the results indicated that our terms were not broad enough to consider the matters which we all agreed should have been considered. I really think it is not unfair to say that last year the committee was an abortive committee, and that it did very little that was of benefit to the veteran. Some good matters came before the committee. For instance, the widows receive the full orphan rate for children. There is an allowance for children, continued up to the age of 21, where they are making educational progress. But these were not the broad

matters which the veterans across the country wished to have considered. The two important matters which should have been before that committee last year were an increase in the basic rate of pension and an increase in the war veterans allowance. Most of the time of the committee last year was taken up not in considering matters which were referred to the committee but rather in considering matters which were not, but which we considered should have been, before the committee at that time.

Time and time again veterans organizations appearing before the committee emphasized the fact that they considered that the reference was too narrow and that these two important matters, namely, the basic rate of pension and the war veterans allowance, should have been before the committee for discussion.

I might say that one good result of the committee's work was that the opposition members and the veterans organizations across Canada put up such a strong argument for an increase in the basic rate of pension that at the fall session last year this matter was considered—

Some hon. Members: Oh, oh.

Mr. Brooks: —and it had to be considered by the government. At that time an increase was made in the basic rate of pension. But the other matter which also should have been considered at that time, the war veterans allowance, was not considered. The veterans had to wait many months for an increase in the basic rate of pension—

An hon. Member: By-election.

Mr. Brooks: —and now they have had to wait almost a year for an increase in the war veterans allowance. My hon. friend can have the opportunity to speak, if he wishes to do so; and if there is anything I say which the facts will not bear out, I should like the hon. member to get up and point it out. He cannot do it.

As I say, the war veterans allowance should have been considered. For nearly a year, hardship has been forced upon the old veterans of this country. They were made to wait another year. They were made to wait during a time when the cost of living was continually increasing. There has been considerable suffering. I will venture to say that there is not a member of this house who has not received many letters from war veterans across Canada pointing out the suffering and the injustice to which they have been subjected over this last year, because, as I say, we were not allowed to consider this most important matter in the veterans affairs committee a year ago.

These letters speak about the reduction in the war veterans allowance, for instance, and count on an increase in the pension. When we put through in this house legislation giving old age security allowances to men and women to whom it was not financially necessary to give assistance, these war veterans—a segment of our population which needed assistance perhaps more than did any other people in this country—were denied this right.

As I have pointed out, Mr. Speaker, there are two matters which should have received more consideration from this house in connection with veterans affairs. One is the question of setting up a permanent standing committee on veterans affairs which could take up yearly these matters which, of necessity, must come before it. The second is the broadening of our terms of reference so that when veterans matters arise we as a veterans affairs committee will be in a position to deal with them.

I do not intend, sir, to labour this matter any further. In view of the fact that the terms of reference are again, in my opinion, too narrow to include, for instance, this matter of the Veterans Land Act and other matters I could mention, I should like to move the following amendment:

That the resolution be amended by striking out the word "such" in the third line and substituting the word "any," and in the fourth line striking out the words "that may be referred to the committee."

The resolution would then read as follows:

That a select committee be appointed to consider a bill respecting allowances for war veterans and their dependents, and to consider any other matters relating to veterans affairs, with power to send for persons, papers and records;—

And so on. The rest of the resolution is the same as it appears on the order paper.

Mr. Speaker: There is a rule to the effect that the powers of a committee cannot be enlarged by an amendment. I ruled on this point before. The pertinent section of Beauchesne's third edition is citation 546, the second paragraph of which reads in part as follows:

When the house is considering a motion, of which notice has been given, for the appointment of a select committee, a member cannot move in amendment that the committee be given wider powers than those which were set down in the notice.

I would think this amendment gives the committee considerably wider powers than those which are set down in the notice. Accordingly, I cannot allow the amendment to stand.

Mr. Brooks: Possibly the minister would accept the amendment.

Some hon. Members: Oh, oh.

Mr. P. E. Wright (Melfort): Mr. Speaker, I think what has just taken place in the house points up the necessity for a standing committee on veterans affairs. We in the opposition try to get references to these committees widened in order to deal with matters which are constantly being brought up in our constituencies and in the country generally, but the government, by the terms of reference to the committee, limit our ability to represent the people who really want to have their cases put before the house.

We in this house passed a veterans charter. It was fairly broad in its terms, and was a reasonably good act, but to say it was a reasonably good act does not mean that it cannot be improved upon. It does not mean that difficulties in administration do not necessarily arise from time to time. With regard to the regulations under the veterans charter, the Veterans Land Act and various other acts, I am sure that hon. members on the government side have had brought to them problems which indicate that there is need for constant supervision, revision and scrutiny of those acts and of the regulations made thereunder.

After all, when we enact a law it is fairly general in its provisions; it is the administration of the act, and the regulations which are passed under it, which make it either effective or ineffective. We have had reasonably good administration; nevertheless hon. members who are going out to their constituents between sessions, meeting them and discussing their problems with them, have a better idea than any other group of how these regulations are affecting veterans in the different parts of the country. Therefore there should be a permanent veterans affairs committee of the house.

I have a resolution on the order paper to that effect. It is No. 11 on today's order paper, and reads:

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

Unfortunately, private members' days are being curtailed from now on, and we shall not reach this resolution on the order paper. The motion which is now before the house to set up this committee points out the necessity of a permanent committee, because at least in every second session of parliament we have to set up a veterans affairs committee to deal with these things. Why not have a permanent committee to which could be sent references wide enough to deal with all the veterans problems that are constantly being brought before us?

I do not want to go into the details of this matter at this time, because there are various resolutions on the order paper having to do with the amendments which the government is proposing at this session. The amendments which are to be brought in under these resolutions may be good, or they may not. We have not a copy of the legislation yet. Unfortunately the legislation will be confined to certain specific amendments of specific acts. We shall not be able to deal with the other acts in the veterans affairs committee. I would urge the minister and the government to give serious consideration to setting up a permanent committee of the house to deal with veterans matters so that year by year, as we meet here in parliament, the committee can be called together, and we, as veterans of the house, can get together to discuss these problems and improve the veterans charter which the government, rightly, I think, was quite proud of when it was adopted. Surely the government should be prepared to do that; surely it should be prepared to give an opportunity to hon. members to place the problems of their constituents and the veterans in their constituencies before the committee regularly, and to suggest amendments that should be made to keep our veterans charter up to date.

Mr. Victor Quelch (Acadia): Mr. Speaker, we in this group are glad to support the resolution to set up a special committee to consider amendments to the War Veterans Allowance Act. But we also regret that the terms of reference have not been widened sufficiently to make it possible for that committee to deal with any matter that it may consider it should be allowed to deal with. In spite of the way in which the resolution is worded, I hope that the government will see fit to allow discussion on any matter that the committee may consider should be discussed.

For instance, we all know now that last year, as a result of the curtailing of the terms of reference to exclude any discussion of the War Veterans Allowance Act, a lot of hard feeling was caused in that committee; not only hard feeling in that committee but hard feeling in the various veterans organizations throughout the dominion. As a result, last year we did not have the same degree of harmony in the committee as was usually prevalent in former committees.

I do not want this to be interpreted as a criticism of the way in which the chairman of that committee, the hon. member for Winnipeg South (Mr. Mutch), conducted the hearings. I have always had a very high appreciation of the way in which that hon. member has acted in his capacity as chairman of the committee. I have always felt that that hon. member has a very keen desire to do everything in his power to advance the interests of this country.

I do think that the government should give consideration to making the veterans committee a permanent standing committee of this house, and that it should adopt the practice of referring to that committee the estimates of the Department of Veterans Affairs in exactly the same way that the Secretary of State for External Affairs (Mr. Pearson) refers the estimates of his department to the external affairs committee. Such action would make it possible for us to keep up to date on the operations of the various functions of his department, and it would also help to expedite the passing of his estimates.

This is a large department; it handles a great deal of money, and it is very hard for hon. members to keep up to date on the various activities of the department. In view of the fact that this is only a special committee, and not an annual committee, I hope that the minister will, this year at any rate, when the briefs of the Legion and of other organizations are presented before it, allow a full discussion on any matter that is brought up that the committee feels should be discussed in full; otherwise a lot of bitterness will be engendered in the committee, in exactly the same way as happened last year.

Mr. J. H. Ferguson (Simcoe North): I should like to add my voice to that of those advocating that there be a permanent veterans affairs committee, and that the committee meet annually to consider the affairs of veterans of this country. May I remind hon. members that if it had not been for the veterans of 1812, 1898, 1914 and 1939 there would be no houses of parliament sitting at Ottawa today. The veterans of the recent war and of previous wars have defended this country and this parliament against aggressors with mighty armies who were determined to stop this parliament from functioning.

When certain Liberal members of this house interrupt a veteran of the 1914-18 war who is pleading on behalf of the veterans of Canada, I think it is a disgrace. I think it is a disgrace for any man to interrupt a plea on behalf of a veteran or of any group of veterans.

[Mr. Quelch.]

The veterans affairs committee should be a permanent standing committee; it should be available at any time to meet the demands, requests and considerations that are made necessary by the changes that occur from time to time. Today we have advertisements prominently displayed in newspapers and various weeklies across this country asking the young men to join the air force, join the infantry, join the navy. What we are really saying to these men is this: Offer your lives, offer your arms, offer your health; offer yourself to become permanently disabled in the defence of your people and of this country. That is what we are asking these men to do, and it certainly does not behoove any member of this House of Commons to speak flippantly or to interrupt a veteran who is pleading on behalf of veterans.

There is a war on today, and it is not the last war. Hon. members know that in their hearts. The number of veterans is increasing, and their demands are increasing. It will be an honour for any man to sit on that committee, a great honour to serve to the best of his ability, to be fair and just to the men who have given their all in defence of this parliament and in defence of the people of Canada.

Mr. G. S. White (Hastings-Peterborough): I wish to concur in the remarks made by the previous speakers. I regret that the minister indicated so readily that he would not agree to or approve of any extension of the terms of reference. If that is an indication that we are going to have the same type and kind of veterans affairs committee that we had in the first session of 1951, then I regret it very much, because I would point out to the minister that the effect of that committee is still felt throughout the country. When you go home you find that the veterans cannot understand why certain matters in which they were keenly interested were not discussed. The veteran cannot understand why his member was not allowed to bring those matters up before the veterans committee. It is no good trying to explain to a meeting of the Legion the details of parliamentary procedure, terms of reference and things of that nature.

I suggest to the minister that he adopt the method followed when the late Right Hon. Ian Mackenzie was minister of veterans affairs. I can remember him dealing with a similar resolution and telling us that the committee would be wide open and that any matter pertaining to the welfare of the veteran would be open for discussion. I notice that there is a bill on the order paper referring to pensions, and the order paper indicates the three things the bill will cover. I assume that when that bill comes before

the committee our hands will be tied as far as the Pension Act is concerned except as it relates to those three items.

I would like to hear the minister say right now that the committee will be permitted to discuss any matter referring to the Pension Act. Another matter that I know hon. members will want to discuss is the Veterans Land Act. A case came to my attention only a short time ago where a veteran who had not taken up his re-establishment credit wished to purchase a farm, but he found that that was impossible with the amount of his credit. I think the minister will be the first to admit that farm values have increased greatly, and that veteran found that the $1,200 he was entitled to was totally insufficient. There are many other matters that members of the committee and of this house would desire to have brought before this special committee on veterans affairs.

We probably will not have a committee set up during the session of 1953. I appeal to the minister to say now that any matter pertaining to the welfare of the Canadian veteran can be brought before this committee for discussion.

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, my remarks are going to be short, sharp and to the point, because I should be upstairs right now at a committee meeting. This matter of setting up a permanent committee on veterans affairs is not new; it has been discussed on several occasions and I am in agreement with the suggestion. In fact I advocated it four years ago.

One of the things I am concerned with is the terms of reference of this committee. Rather than being a committee on veterans affairs, it is being set up as a legislative examining committee. The only prerogative the committee is to have is the right to examine any legislation the government may send to it. There are four bills on the order paper and the committee is to have the right to examine that legislation.

I do not know what the Legion has in mind. The only representations I have seen so far in their publication is with regard to the amendments to the Veterans Land Act. That may be all that they have in mind at the present time. There is one aspect of the Pension Act which I should like to see opened up for discussion. I refer to decisions that disabilities are of pre-enlistment origin. I think there is considerable room for the examination of that type of decision. I know it is based on medical evidence and the attestation papers, but I have seen cases where the decision was not what it should have been even based on that evidence.

I do not intend to carry on a prolonged discussion. I have always felt that the time to raise arguments of this sort was on the second reading of the bill. I believe the committee should examine the legislation and when it comes back for ratification if we consider there is anything wrong we can argue accordingly.

If the terms of reference of this committee are to be held down, as is indicated, friction and trouble and difficulty will be created. I think the minister would be well advised to accept the amendment moved by the hon. member for Royal (Mr. Brooks), but should insist that the first order of business of the committee should be to deal with the bills now on the order paper. Then if there are other matters which the committee want to discuss, it would be free to do so.

I am a member of this committee, but I believe that a permanent committee should be set up to examine legislation from year to year. I believe also that the terms of reference of this committee should be broadened so that we may discuss other matters once we have completed the business sent to the committee by the government. That would prevent a lot of friction and difficulty and wrangling in the committee and in the final analysis would save considerable time.

Mr. J. A. Ross (Souris): Mr. Speaker, I have advocated the setting up of a standing committee on veterans affairs to deal with problems affecting the veteran. Some years ago when the veterans charter was evolved we thought that that was fine legislation for the veteran, but changes have occurred since that time and there is a great variety of problems that now face our veterans. I am quite satisfied that the terms of reference of this committee as set forth in the resolution are not broad enough. I think that is most unfortunate. When a committee was set up a year ago the Legion presentation of May 17, 1951, had this to say:

> Therefore, the Canadian Legion cannot be satisfied with the legislation before this committee. There are no recommendations for improvement in the basic rate of pensions nor is there any mention at all of war veterans allowance, the two principal problems affecting veterans today.

They go on in that vein. I am happy to think that as a result of the efforts of the council of the Canadian Legion and the public as a whole the government were forced to amend the basic pension for veterans during the last session. They did that despite the fact that the terms of reference of the committee of that time did not provide for a discussion of that particular item.

I think the terms of reference should be made broad enough so that we might be able to discuss all veterans problems. I know that many of the veterans of the present war are finding some difficulty in getting rehabilitated. The Veterans Land Act has been referred to. This act is absolutely inadequate. It was niggardly enough at the time it was brought into being, but with the present increased cost of farm machinery, livestock, land, production and other items it is absolutely impossible for a young man to be set up under that act.

During the past few months a survey was conducted in Ontario to find out what was necessary to set up a young man, not a veteran, on a farm. It was found that it required approximately $15,000. The necessary legislation was introduced into the legislature whereby any young man with the necessary qualifications who has been a resident in the province for three years can be established on a farm with a maximum outlay of $15,000, of which he must supply $3,000.

That is evidence of the total inadequacy of the Veterans Land Act. There is no provision to discuss that act at this particular time and therefore we will not be able to discuss many of the problems facing the veterans of past wars and of the present war. I am sorry the minister has not accepted the amendment proposed by the hon. member for Royal (Mr. Brooks) that any provision of the Veterans Land Act may be discussed by the committee.

Again may I repeat that I should like to see a standing committee on veterans affairs constituted which could consider veterans affairs at each session of the house. I hope the minister will see that the chairman has some latitude, and that we will have broader terms of reference than are provided in the resolution before us so that we can adequately discuss the various problems pertaining to the veterans of this country.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, like the hon. member for Cape Breton South (Mr. Gillis), I am going to make my remarks short and relatively sweet. I must say that personally I am very pleased to see that the government and the minister have decided to introduce this motion providing for the re-establishment of the veterans affairs committee. However, I most wholeheartedly support the pleas of previous speakers as to the necessity for a permanent committee on veterans affairs. Veterans affairs are of such growing magnitude and importance that they require a standing committee to review veterans legislation constantly and to take note of changing situations and circumstances. A very good illustration was given by the hon. member for Souris (Mr. Ross) when he mentioned the completely inadequate terms of the Veterans Land Act in some respects so far as settling men on farms under present prices and conditions is concerned. In the second place, the new conditions are creating great difficulties in connection with administration and the giving of satisfactory effect to the terms of the small holdings section of the Veterans Land Act. A great deal of other veterans legislation is constantly affected by changing conditions and circumstances.

I also support the pleas that have been made for wider terms of reference. I think there is no question that the resolution gives the committee wider terms of reference than the motion placed on the order paper at the last session. However, I think the suggestion of members that we should have an opportunity to examine any matter of concern to veterans of this country is sound. I notice the minister is listening most carefully. I hope he has listened most sympathetically to the representations of members on this side of the house with respect to the particular things they have been concerned about this afternoon, the necessity for a standing committee of the house on veterans affairs, and the widening of the terms of reference contained in the motion.

Mr. D. F. Brown (Essex West): Mr. Speaker, I have been requested by the local command of the Canadian Legion in Essex county, zone 1A, to present their recommendations to this committee. Since I am not a member of the committee I wish to take this opportunity to present their views. Their recommendations are:

1. That the basic principles upon which war veterans allowance is allowed and paid be unchanged.

Mr. Speaker: Order. Does the house feel that these representations should be presented to the house? Is not the committee being set up so that representations may be made to it?

Mr. Green: Surely the debate on this resolution is wide open. I should think the hon. member is in order in bringing forward these suggestions.

Mr. Speaker: The debate on this resolution should not be wide open. Strictly speaking there is no reference in the motion to setting up a standing committee. It has nothing to do with a standing committee. The motion before the house is to set up a select committee. What has been debated has been the

question of whether we should set up a standing committee. No objection was taken, so I did not object. However, if the house feels that the hon. member for Essex West (Mr. Brown) should be allowed to present these representations now I will not object.

Mr. Brown (Essex West): I want to bow to your ruling, Mr. Speaker, but I am not a member of the committee and probably will not have an opportunity of making a presentation to the committee. Similar representations may be made by other commands of the Canadian Legion. Of that I am not certain, but I have been requested by my local command of the Canadian Legion in Essex county, zone 1A, to present these recommendations. They are as follows:

1. That the basic principles upon which war veterans allowance is allowed and paid be unchanged.

2. That war veterans allowance be increased from $40 single and $70 married to $60 single and $120 married.

3. That the total ceiling be raised to $1,200 single and $2,000 married.

4. That Canadians who served in England only in the first war be entitled to war veterans allowance.

5. That widows of imperial or allied services with twenty years' residence in Canada be entitled to war veterans allowance regardless of the date of death of their husband.

6. That home exemption be raised to $9,000.

I am not making any recommendation personally on behalf of the Legion as to these matters but merely placing them on the record so they will be before the committee.

Mr. F. E. Lennard (Wentworth): Mr. Speaker, I merely rise to say that as a member of different veterans affairs committees in the past I have always advocated the establishment of a standing committee on veterans affairs. I am disappointed with the limited terms of reference of the resolution. As we all know, there are certain weaknesses in various acts dealing with veterans affairs. Some of these weaknesses have been drawn to my attention during the past few months, but under these limited terms of reference I will not be allowed to bring up one of these matters before the veterans affairs committee. For that reason I most strongly urge the minister to enlarge the terms of reference.

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, the resolution under debate merely mentions one bill, namely, a bill respecting allowances for war veterans and their dependents. I think we all realize by now that there is great need for changes in the War Veterans Allowance Act. As a matter of fact an attempt was made in the spring session of 1951 to have the question of the War Veterans Allowance Act dealt with, but we were refused an extension of the powers of the committee when the debate took place in the house. Then when the special committee was set up and a motion was moved for a reference back to the house requesting extension of powers so that war veterans allowances could be dealt with by the committee that request was voted down by the government members on the committee.

It was perfectly obvious at that time that there was a need for an increase in the war veterans allowance just as it was obvious that there was a need for an increase in the pension. I hope the Minister of Veterans Affairs (Mr. Lapointe) and his parliamentary assistant have benefited from the trouble into which they hurled themselves last year.

An hon. Member: What trouble?

Mr. Mutch: Trouble? What do you mean?

Mr. Green: They should have brought in terms of reference containing wider powers for the committee. There is no reason at all why the committee should not be allowed to deal with any matter affecting the war veterans of Canada. It is quite apparent from the minister's reply to the hon. member for Royal (Mr. Brooks) that the government will not agree at this time to an extension of the terms of reference, but I should like to have a statement from the minister with respect to whether or not it is the intention of the government to refer to the special committee the other three bills, resolutions for which are on the order paper. For example, order No. 9 on today's order paper is a resolution preceding a bill to amend the Veterans Benefit Act, 1951.

Mr. Lapointe: All three will be referred to the committee.

Mr. Green: Order No. 10 is a resolution preceding a bill to amend the Veterans Insurance Act, and order No. 17 is a resolution preceding a bill to amend the Pension Act. I am glad to hear from the minister that it is his intention to have all these bills referred to the committee.

Mr. Lapointe: In my opening remarks I stated that all the bills would be sent to the committee.

Mr. Green: The minister's opening remarks were so short and sweet—

Mr. Lapointe: The more reason you should have understood and remembered them.

Mr. Green: In fact I do not think he said anything. If he did he was merely mumbling, and I did not hear what he said.

Mr. Lapointe: I do not usually mumble.

Mr. Green: I would also ask for a statement from the minister as to whether or not it will be permissible to discuss the problems which have arisen under the Veterans Land Act. If he says those problems can be discussed I have no doubt the committee could put through a request to the house for an extension of its terms of reference in order to deal with them. Someone said here this afternoon it was a great pity that the Department of Veterans Affairs is not now taking the attitude that was taken when Right Hon. Ian Mackenzie was minister, namely, that each special committee on veterans affairs should have power wide enough to enable it to consider any question affecting the veterans at that time; and that this was the proper course for the government to follow. I should hope we would get back to that procedure, rather than limiting the powers of the committee each year.

That brings me to the other point which has been stressed by every member who has spoken from the opposition side of the house; namely, that there should be a standing committee on veterans affairs. Incidentally if there were such a committee it would be able to consider any problem arising in connection with the veterans of Canada, and that is as it should be. We have several standing committees of the house, and I would leave it to the good judgment of hon. members whether any of the committees for which provision is now made have any more importance than a committee on veterans affairs would have. First of all there is a committee on privileges and elections; then a committee on railways, canals and telegraph lines; third, a committee on miscellaneous private bills; fourth, a committee on banking and commerce; fifth, a committee on public accounts; sixth, a committee on agriculture and colonization; seventh, a committee on standing orders; eighth, a committee on marine and fisheries; ninth, a committee on mines, forests and waters. Incidentally, I do not believe that committee has met in the sixteen years I have been a member of this house.

Mr. Knowles: It meets once a year to appoint a chairman.

Mr. Mutch: That is no recommendation for setting up another committee like it.

Mr. Green: A committee on veterans affairs would be different. Then there is the committee on industrial relations, the committee on debates and the committee on external affairs. In addition, of course, there are the joint committees made up of the members of the Senate and the House of Commons. I believe veterans affairs questions can be compared very reasonably with those having to do with external affairs. There we have a committee which considers the estimates of that department and reports to the house, but there is still opportunity in committee of the whole house for a discussion of each item.

There may have been some excuse for not having a standing committee on veterans affairs when we had only the veterans of the first world war to consider. The problems facing them were largely of a pattern and had been considered for many years in the house, and not many changes could be contemplated. Now, however, we have hundreds of thousands of men and women who served in the second world war, and the problems which have faced and will face them are different from the problems which faced the men and women of the first world war. In addition we have the men who served or are now serving in Korea. Their service will bring up problems different again from those arising out of the second world war.

Mr. Lapointe: That can be considered by the committee under that resolution.

Mr. Green: I think it would be far wiser and more businesslike to have a standing committee which could follow these problems from year to year. Then we have the men serving in Europe, whose conditions of service are different again, and finally we have thousands of young men and women serving right here in Canada. Our whole defence system has been changed. We have many more people serving in our defence forces than ever before in peacetime and questions are coming up such as whether they should qualify for pensions in the same way as those who have seen active service. Incidentally, I believe the law is too strict now in regard to pensions for those Canadians who have been able to serve only in the defence forces at home. I do not think they are getting adequate consideration.

However, there are all these different conditions which did not exist a few years ago, and the probability is that they will be changing from year to year as time goes by. These problems will certainly be before parliament for many years. It is going to be a long, long time before the last Canadian veteran is off the scene, far longer than anyone in this house will survive. So I do suggest we should give very serious consideration to putting our method of dealing with veterans affairs on a better basis by setting up a standing committee. When the minister closes this debate I hope he will assure the house that this special committee will be permitted to consider whether or not there should be a standing committee on veterans

affairs. That question is one of the most important to be dealt with at this time, and I hope that this special committee will be given the privilege of recommending whether or not a standing committee should be set up.

Mr. D. S. Harkness (Calgary East): I would like to join briefly with the others who have spoken, to express the hope that the terms of reference of this committee will not be limited to the comparatively narrow compass which the resolution would seem to indicate. If that is done I think there is no question but that the committee cannot do a proper job. In addition, I am very much afraid that a good deal of the time of the committee will be taken up discussing whether matters which may be brought up come properly within the terms of reference. We have had a great deal of experience with that in some committees in the past. If we are going to be so circumscribed that some of the questions now considered pressing by various veterans organizations across the country cannot be discussed in this committee, then to a large extent the work of the committee will be stultified. I should like to say also that I think the real answer to this problem is a permanent committee such as a number of us have been requesting for a number of years, and I would hope such a committee might be set up.

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

Hon. Hugues Lapointe (Minister of Veterans Affairs): I shall be very brief in closing this debate, Mr. Speaker. Great stress has been laid on the fact that no standing committee on veterans affairs exists. The suggestion has been made that if such a standing committee were set up, it would provide the solution to all problems concerning veterans welfare. To hear some of the hon. members in the house one would think that the mere fact no such standing committee exists prevented hon. members from airing their views or making suggestions concerning veterans affairs. I believe that the debate which has just taken place on this resolution is good evidence to the contrary.

During the course of this debate we have heard hon. members referring to certain problems and expressing their views. All members have the same opportunity on the debate on the address and during the course of the last session I believe they took considerable time, as it was their right to do, to discuss and put forward their views on veterans affairs. The same privilege is accorded in the debate on the budget which is taking place at the present time, during the course of which members may present their views. Further opportunity is presented when the detailed estimates of the department are discussed, because then every aspect of veterans affairs legislation is open to consideration. When my predecessor was in office the policy was established of setting up the veterans affairs committee whenever the government contemplated important changes in the legislation.

It has been stated that the terms of reference are too narrow, and the committee should be given the same terms of reference as it was given in 1945. The situation in 1945 was completely different from the situation today. During the course of the second world war the government had legislated by order in council concerning the welfare and rehabilitation of veterans of that war. I believe there were some 52 or 53 orders in council which had been passed, and the minister of that day asked the committee to consider all those orders in council and consolidate them into legislation. From that consideration the veterans charter emerged. I submit that the situation today is quite different, and that it is my responsibility—which I am willing to assume and have assumed before—upon the advice of the officers of my department, to introduce the necessary changes to the various parts of the veterans charter. Last year I introduced amendments to the Pension Act, and at that time I undertook to set up this committee. I undertook to introduce during the course of this session amendments to the War Veterans Allowance Act, and the resolution setting up this committee is in compliance with my undertaking to this house and to the veterans organizations throughout Canada. Those organizations will come I am sure—they have been invited to come—and state their views to the committee, just as they have in the past.

Furthermore, I want to point out that it is not only when a parliamentary committee is sitting that an opportunity is afforded to organized veterans bodies of this country to present their views to the minister or the Department of Veterans Affairs. Once a year at least, and last year twice, they met with the members of the cabinet, and the door of the office of the Minister of Veterans Affairs is always open to them. I can assure my hon. friends, although it may surprise them, that the members of the executive do exchange views with the minister, and many of the solutions which are found for veterans problems are the result of those exchanges of views. I believe we can proceed with the setting up of this committee to which

will be sent not only the legislation concerning war veterans allowances but various other amendments to legislation mentioned in the resolutions on the order paper. Possibly there will be other legislation; in fact I know of one other bill which is being prepared at the present time.

Mr. Green: What about the Veterans Land Act?

Mr. Lapointe: The matter has not been considered, but at this time the whole matter of the Veterans Land Act is being looked into by the officers of the department at my request.

Mr. Knowles: Is the minister in a position to tell us what is the subject of the other bill which is being prepared?

Mr. Lapointe: The hon. member will find that out when it is brought before this house.

Motion agreed to.

LABOUR CONDITIONS

COMPLAINT AS TO EMPLOYMENT OF UNITED STATES WORKERS IN CANADA

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): I should like to direct a question to the Minister of Citizenship and Immigration. Will the minister take steps to investigate the complaint of the Vancouver Building Trades Council (A. F. of L.) that United States workers are being allowed into Canada to fill jobs which Canadian workers could do, more particularly on the very large projects in British Columbia such as the Alcan project, the smelter expansion at Trail, the Capilano dam construction and the oil pipe line project from Edmonton to Vancouver?

Hon. W. E. Harris (Minister of Citizenship and Immigration): I am grateful to the hon. member, Mr. Speaker, for drawing this matter to my attention. We have not had any complaints up to the moment, but as he has said there are some we shall investigate immediately and I shall advise the house.

Mr. Green: I shall send the minister the clipping if he wishes.

TRANSPORT

RADIO STATION "VOUS"—CONGESTION AT HALIFAX OF FREIGHT FOR NEWFOUNDLAND

On the orders of the day:

Mr. G. F. Higgins (St. John's East): I have two questions to direct to the Minister of Transport. He is not in his seat, and I have been informed by his parliamentary assistant that he has had to attend a meeting. I should like, however, to put the questions so that he might answer them tomorrow.

The first question is: Was radio station VOUS, operated by the United States air force at Pepperrell air force base, St. John's, Newfoundland, compelled or requested to cease broadcasting?

The second question is: What is being done to take care of the freight congestion at Halifax of freight destined for St. John's, Newfoundland?

FISHERIES

DEVELOPMENT PROGRAM FOR NEWFOUNDLAND—RADIO ADDRESS BY MINISTER

On the orders of the day:

Mr. G. F. Higgins (St. John's East): I should like to direct a question to the Secretary of State. A recent radio address by the minister on a fisheries development program for Newfoundland was described as "Bradley's boat-building bunkum" by the minister of fisheries in the Newfoundland legislature. Is the minister prepared to comment on the statement?

Hon. F. G. Bradley (Secretary of State): Mr. Speaker, I thank the hon. member for having given me notice of his question. I have read the report of Mr. Keough's remarks in one of the St. John's papers. If he is reported correctly, it is quite apparent that he is singularly lacking in knowledge of the facts.

LIVESTOCK

ASSURANCE TO PRODUCERS OF FLOOR PRICE ON CATTLE AND HOGS

On the orders of the day:

Mr. J. A. Ross (Souris): Mr. Speaker, I had a question I wished to ask the Minister of Agriculture (Mr. Gardiner). He can take it as notice and answer it later. It is as a result of a press report in the Winnipeg *Tribune* of April 23, to the effect that packing house executives state that they cannot take the financial risk of paying floor prices for cattle when Ottawa gives them no guarantee against loss. As a result of the unsatisfactory market conditions with regard to cattle and hogs prevailing in the Winnipeg stockyards, will the minister state what steps the federal Department of Agriculture proposes to take in order to assure the producer these floor prices as announced?

WAR VETERANS ALLOWANCE ACT

REVISION AND CONSOLIDATION—INCREASE OF ALLOWANCES, ETC.

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

That it is expedient to introduce a measure to amend and consolidate the legislation respecting war veterans' allowances; for increasing allowances and permissible income; for assisting veterans who may be employable to some degree; and also to provide for the salaries of members of the war veterans allowance board.

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

Mr. Knowles: Is the minister not going to make a statement?

Mr. Lapointe: I can make a statement when we get into committee.

Mr. Knowles: I think it would be preferable if it were made now.

Mr. Mutch: We have three other resolutions that we want to proceed with; you have four chances to speak.

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

Mr. Knowles: Mr. Speaker—

Mr. Lapointe: I will make the statement first, Mr. Speaker.

Mr. Harkness: Are you playing hard to get?

Mr. Lapointe: I have never known the hon. member for Winnipeg North Centre (Mr. Knowles) to be so anxious to hear me speak.

Mr. Mutch: Conscience.

Mr. Lapointe: As I mentioned in my previous remarks today, this resolution comes forward as a result of an announcement I made last year, during the course of the last session, at the time when I announced that the Pension Act would be amended. At that time I stated that the government was considering amendments to the War Veterans Allowance Act; and that this question was much more complex than that with respect to the Pension Act, where the amendment simply consisted of a percentage increase of the basic rate. It was felt this question would be more conveniently and adequately dealt with by the select committee on veterans affairs and that such a committee would be set up during the course of this session. I also stated that action taken as a result of this procedure would be made retroactive to January 1. That is, any benefits accruing to recipients of war veterans allowance would be made retroactive to January 1.

As hon. members will see, after this resolution has been adopted and the bill is distributed, they will be presented with a completely revised statute, a bill entitled the "War Veterans Allowance Act, 1952" which will replace the War Veterans Allowance Act, 1946. In other words, the bill which is to be presented is not merely one containing amendments to certain sections of the act as it now stands, but is a complete revision and consolidation of the War Veterans Allowance Act. It was thought advisable to do this, because, as hon. members know, since it was first enacted in 1930, the War Veterans Allowance Act has been amended on many occasions; in fact, I believe it was amended five times, namely in 1936, 1938, 1946, 1948 and 1950. It was felt necessary to make some rearrangement of the act so as to present its provisions in a more logical order for the greater convenience of those who have to refer to it.

I wish to point out immediately, Mr. Speaker, that the basic principles of the act have not been changed and that any changes of substance in the bill which will be presented have been made only to render it a more flexible instrument for providing assistance to those veterans and their widows who, in their old age, are unable to maintain themselves or who have no other resources, or whose resources are extremely limited.

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

Mr. Lapointe: Yes.

Mr. Green: What does he mean by the basic principles of the act?

Mr. Lapointe: I mean that there is no change as to the conditions under which veterans can qualify under the act.

Mr. Green: You mean that the means test is to be retained?

Mr. Lapointe: I mean that the present provisions concerning the conditions under which benefits may be obtained are to be retained. Of course, Mr. Speaker, the most important matter which will be dealt with in the bill is the basic rate of allowances. It is proposed to make a substantial upward revision in these rates. At the same time it is proposed that ceilings for allowable income be also raised in order to bring them more in conformity with the ceilings now existing under the Old Age Assistance Act and the Blind Persons Act. As hon. members are aware, this would allow increases to some pensioners with low disability pensions and others having income other than the war veterans allowance.

A third element is being introduced by this bill. Over the years experience has shown us that a considerable number of war veterans allowance recipients, especially those who are granted entitlement because of having reached the age of 60 without being completely physically disabled, are from time to time able to find some employment of a temporary or a seasonal character, for instance. I think everyone will agree that those who can find such employment should be encouraged to do so. The provisions of the War Veterans Allowance Act, as it now stands, sometimes make it impossible to avoid penalizing the veteran who takes employment in that manner. It is proposed now to deal with such veterans whom we may class—and I think those are the words used in the resolution—as marginally employable, and who meet the other conditions of entitlement under the War Veterans Allowance Act by paying them the allowances on a monthly basis when they are actually unemployed and unable to find suitable employment. Without going into the details of this proposal, which hon. members will be able to study when the bill is before them, I might say that the general effect of this proposal would be to exempt their earnings from the operation of the annual income ceiling. There will also be other improvements in the bill, such as the benefits which will be payable to a veteran or his spouse during the twelve months succeeding the death of either of them, and it is also proposed to increase the rates paid to orphans under the War Veterans Allowance Act.

Mr. Brooks: Will any consideration be given to Canadians who served only in England during the first war?

Mr. Lapointe: I do not think I am expected to give the details of the bill at this stage of the resolution.

Mr. Brooks: You have been giving them, and that is why I asked the question.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I am sure that this is a measure which all of us in the house welcome; in fact it is one that we have been awaiting for a considerable period of time. The extent to which we will welcome it will of course depend upon the precise terms of the bill, or in other words, upon the extent of the improvements forecast by the resolution and by the remarks which the minister has just made.

In the first place, we are glad to learn that there is to be an increase in the amount of the war veterans allowance. I take it there will be an increase both in the rate paid to single veterans and in the rate paid to married veterans. I regret that the minister did not see fit to indicate in the resolution that is now before us what the new amounts will be. I had hoped that—

Mr. Lapointe: It is improper to do so, I believe, in the resolution.

Mr. Knowles: The minister interjected to say that he believed it is improper to do so.

Mr. Lapointe: In the resolution.

Mr. Knowles: I suggest the very opposite. Now that this point has come up, Mr. Speaker, I feel I must express my regret that over the past number of years a practice which was followed for decades in this parliament has been allowed to disappear. It disappeared not without my protest on a good many occasions; but the government seems to have been able to get rid of the practice of including in the resolution preceding a bill statements as to the maximum amount of money involved in that bill.

I could take the time, but I will not, to go over bills like the original old age pensions bill, the original family allowances bill, and many others down across the years of the parliament of Canada. In all cases, with very few exceptions, down until 1947, the amount to be provided in the bill was spelled out in the resolution. It was not until 1947 when the old age pension amending bill of that year was before the house that the amount was not included in the resolution preceding any important legislation. Some hon. members will recall the interesting time we had on that occasion. Since then the government has repeatedly brought in resolutions of this kind. I do not think it is fair. However, when resolutions are worded in this way we should be accorded by the rules of the house the right, under citations 439, 445 and 486 of Beauchesne's third edition, to move to increase these amounts when we get into committee on the bill. Whether or not we shall attempt to exercise that right will of course depend upon the provisions of the bill.

This is like a good many other things that happen in parliament, Mr. Speaker. Practices long established are altered on some particular occasion. That change is confirmed by a majority of the house, and in succeeding years we find that we cannot get back to the practice that we thought had been clearly established. At any rate, in addition to the procedural and technical objections that I have now voiced, I express my regret that we have not yet been informed what the amounts are to be.

When I was speaking in the debate on the address in reply to the speech from the throne on March 10 of this year, I urged

that the amount of the war veterans allowances should be not less than $60 a month for a single veteran and not less than $120 a month for a married veteran. Those figures compare with the present inadequate rates of $40.41 for a single veteran and $70.83 for a married veteran. So far as I know, the Canadian Legion has not yet officially changed its request of a year ago for amounts of $50 a month single, and $100 a month married; but I believe that, in view of the increase in the cost of living and the difficulties facing our veterans, the Legion is considering changing that request and asking for higher figures. As a matter of fact, I have before me a letter which I received from Mr. A. Cairns, provincial secretary of the Manitoba and northwestern Ontario command of the Legion, which was dated March 15, 1952. This letter was written to me by Mr. Cairns after I had made the speech in the house which I referred to, the speech of March 10, in which I suggested that the amounts should be not less than $60 a month single, and $120 a month married. Mr. Cairns comments on that in this paragraph:

> We feel that the single allowance should be increased to $60 a month and the married allowance to not less than $110 a month which, in our opinion, is the least amount on which the veteran can possibly live in any decency. There is no reason on earth why recipients of the war veterans allowance should be compelled to live in slums. Surely they are entitled to better than that.

In other words, Mr. Speaker, the figures which I suggested—and which I suggested on my own—are very close to the figures suggested in that letter by an official of the Canadian Legion in my own city. I earnestly hope that when we get the bill it will have in it figures not less than the figures suggested in Mr. Cairns' letter; I personally still think they should not be less than $60 single and $120 married.

Some hon. members may say: Let us get through this debate and get the bill and find out what is in it. The answer to that, Mr. Speaker, is that the purpose of this debate on the resolution prior to the introduction of a bill is to give hon. members a chance to express their views, and to give the government the benefit of those views, in the hope that the government might look at the bill and see whether it is all that it should be. My hope is that if figures such as I have suggested are not now in the bill, the minister, after listening to the debate that takes place at this stage and in committee on the resolution, will reconsider those figures and raise them, as I say, to not less than the figures suggested in the letter from which I have just quoted from the provincial secretary of the Manitoba and northwestern Ontario command of the Canadian Legion.

As I have said on other occasions, Mr. Speaker, this is a matter in which there is tremendous interest on the part of the Canadian people. That interest is to be found not only among veterans themselves, but among Canadians in all walks of life. People who themselves may have no direct connection with veterans nevertheless feel that Canada should do a lot better for our burnt-out veterans than we are doing at the present time.

I was interested in an exchange that took place a few moments ago while the minister was speaking, when the hon. member for Vancouver-Quadra (Mr. Green) interrupted him. We had hoped, many of us in this house at any rate, that when the War Veterans Allowance Act amending bill came before us at this session it would include, if not the complete elimination of the means test, at least very drastic modifications of it. I take it from what the minister has said that although this is a brand new bill which will take the place of the old one, it will be the same in substance in that the war veterans allowance will still be based upon the same principles already in effect.

There are a great many veterans in this country, seventy years of age and over, who are finding it very hard to believe that the means test has really been removed from old age pensions. I have the capacity to explain it in technical terms, but that explanation just does not answer the question in the minds of a great many veterans and a great many widows of veterans. I refer in particular to those who are 70 years of age and over. Since January 1, 1952, they have been drawing old age security pensions. They get the full $40 old age pension because there is no means test on that pension, but they have had their war veterans allowance or their widows' allowance under the War Veterans Allowance Act cut by virtue of the means test that still exists in the War Veterans Allowance Act.

The standard case is the one that has been drawn to my attention by so many persons that I am sure others have had the same experience. It is that of a war veteran who was formerly drawing $40.41 per month but when he started drawing his old age pension of $40 his war veterans allowance was reduced to $10.83 per month, so that his total income would be $50.83 per month, which is within the statutory ceiling of $610 a year.

I should like to hear from any hon. member who has found it possible to explain to a veteran treated that way that he is not under the means test. It cannot be done. You can explain to him for hours on end that the means test does not exist under the Old

Age Security Act, but he will come back at you and say that it is there under the War Veterans Allowance Act. He insists that he is under a means test, whereas many other Canadians seventy years of age and over are receiving old age security without having their other income reduced. I contend that this is unfair to our burnt-out veterans.

If the bill does not deal with that problem pretty drastically, if there has not been an examination of the whole relationship between war veterans allowance and the Old Age Security Act, I hope the minister will have that done before he presents the bill to the house. I would remind the minister that the Department of Veterans Affairs has had considerable time to study this matter. As a matter of fact the minister's predecessor and his parliamentary assistant appeared before the special committee on old age security, the sessions of which were held nearly two years ago. It was either in May or in June of 1950 that they attended before that committee so that it was nearly two years ago.

Although nothing definitive came out of the discussions on that point while they were before the committee I think it was made clear to those who appeared on behalf of the Department of Veterans Affairs that the relationship of war veterans allowance to old age security was one that called for exhaustive study and perhaps some brand new basis of treatment. As I say, that was nearly two years ago.

Nearly a year ago—in June, 1951—I urged the Minister of Veterans Affairs (Mr. Lapointe) to have this matter studied during the summer of 1951 so that it could be dealt with in the fall session of that year and so that a new relationship between the war veterans allowance and old age security could be devised and brought into effect prior to the date that the means test would be removed from old age pensions payable to those seventy years of age and over. I was bitterly disappointed last fall when we came here for the fall session to discover, whether or not any study had been given to the problem, that no proposals were forthcoming.

As a matter of fact, hon. members will recall that when we came here last October there was no indication that anything was to be done at the fall session with regard to veterans legislation. In due course, after considerable debate on the floor of this house, we did have the introduction of amendments to the Pension Act with regard to disability pensions, but we were told that war veterans allowance matters would have to wait until the 1952 session. I dared to hope that even with that further delay—as I suggested it adds up now to nearly two years—we would have an overhaul of the relationship between war veterans allowance and old age security, but from what the minister said today apparently there is to be no change in principle. We are still to have the means test, we are still to have a ceiling on what is called permissible income. Although we have not been given the figures, the minister said that they would be brought more into line with means test provisions of the Old Age Assistance Act and the Blind Persons Act.

We shall have to wait until we get the bill to see what those figures are, but I might point out that the ceiling under the Old Age Assistance Act for a single person is $60 per month or $720 per year, and for a married couple, $100 a month or $1,200 a year. I submit that if the new bill provides for ceilings at those levels on the war veterans allowance there is going to be a great deal of disappointment both on the part of veterans who are receiving the allowance and their comrades who are not. There will also be disappointment on the part of Canadians in general that the means test has been continued with the harshness that is apparent with ceilings of that description.

I was glad to hear the statement that veterans over the age of sixty years who can obtain some employment will be treated on a slightly different basis. I take it that their financial position is to be considered on a monthly rather than on an annual basis and that they will get some advantage out of that position. But it is still a means test. The veteran is to be told that in the month he is earning money he will not get his war veterans allowance but that in the month he earns no money and is without other resources he will receive the war veterans allowance.

It has taken a long time in this country to get across to the government at any rate the fact that the people of Canada do not like the means test idea. We have won that point with respect to old age pensions for those seventy years of age and over; we have won it with respect to family allowances. It does seem most unfair that the place where it still remains is with respect to our burnt-out veterans.

I know the kind of problems that arise when you ask for the straight elimination across the board of the means test under the War Veterans Allowance Act along with its elimination under the old age security legislation. I need not go into those problems at this point, but my submission to the government is that it has not tried to find some other relationship that would respect to the extent which they

deserve it the dignity of those whom we refer to as our burnt-out veterans. Surely if there has to be a test of some kind, if there has to be some qualification, if some kind of a line has to be drawn, let us do something that is more dignified, more humane and more Canadian than apply the means test which apparently the government is retaining in the War Veterans Allowance Act.

As I said a moment ago, we welcome the fact that the act is being completely redrawn. I think that is good from the standpoint of administration and of those who have occasion to refer to the act. It has been amended so often that it is difficult to know just what its provisions are without a considerable amount of research. But is not this a golden opportunity to make some of those changes that are so basic?

During the discussions we had, particularly last fall, with respect to the War Veterans Allowance Act the minister did give the assurance that veterans who had been on the allowance, but who lost it on receiving old age security by virtue of the means test in the War Veterans Allowance Act, would not lose any hospitalization or treatment rights which they previously enjoyed. I hope that point will be covered in the bill. I hope that not only will such persons not lose any hospitalization or treatment rights they previously enjoyed but that it will also be made clear that veterans in similar circumstances, who might not be able to qualify for any actual allowance under the War Veterans Allowance Act because of their other income, will nevertheless be entitled to hospitalization and treatment benefits.

Once again, along with others who have made the point by interjections if not in other ways, I want to urge reconsideration of the section of the act which denies the burnt-out pension to veterans of world war I who did not get beyond England. That applies still to a great many veterans, although their number is dwindling, and it applies to quite a number of widows of veterans. These veterans and veterans' widows find it difficult to understand the discrimination against them, particularly when it was no fault of the veteran that he did not get to France in the course of world war I. In world war II England is accepted as a theatre of war but not so in world war I. I feel that change should be made at this session when the act is being rewritten in this way.

It is a good many years now since a former parliamentary assistant to the Minister of Veterans Affairs indicated to a group of widows who were here making representations—and I was present when he did so—that he believed that change would be made at the next session. We are still waiting for that change. It would not affect a great many people. Certainly it would not involve many dollars so far as the treasury of the country is concerned, but it would mean a great deal to those affected.

I hope too that consideration will be given, if it has not already been covered in the bill that is to be presented, to the change made a few years ago with respect to imperial veterans who come to this country, and more particularly with respect to their widows. We know that the provision now is that an imperial veteran who has had twenty years residence in Canada qualifies under the War Veterans Allowance Act if he meets the other conditions. His widow, however, does not qualify, no matter how many years she may have lived in Canada—even though she may have been born in this country—if her husband did not himself have the full twenty years residence in Canada before he died. Again the number affected is not great, but it does seem basically unfair that that line should be drawn. I earnestly hope that consideration will be given to this matter.

Members opposite may suggest that one is raising too many details at this time, but I suggest this is the time to do so because of the minister's announcement—it was not clear from the resolution—that we are now getting a brand new War Veterans Allowance Act. That means that each and every one of these points will be before us, and I hope that such debate as may take place now will persuade the minister that if there are weaknesses in the bill in the form in which it is now drafted he should improve upon those weaknesses before it is presented to the house.

A few days ago I directed a question to the Minister of Veterans Affairs regarding recoveries where there have been alleged overpayments since January 1, 1952. I had in mind a particular case the details of which I have since sent to the minister. It is the case of a veteran's widow, a lady past 80 years of age, who prior to January 1, 1952, was receiving the widows' allowance under this act, namely, $40.41 a month. That was her total income. She applied, as was her right and duty, for old age security and commenced receiving it in January, 1952. For some reason, which has not been made known to me, the Department of Veterans Affairs did not catch up with this particular case until the month of March. In other words, this lady's war veterans allowance cheque was sent to her in full for the months of January and February. During these two months she got what most of us would like to see all these old people get, both her

cheques, the one that she had been getting for years under the War Veterans Allowance Act and the old age security which is now payable to everyone.

In other words, she got a total of $80.41 a month in January and again in February. But when the war veterans allowance board caught up with the case they of course had to point out to her that under the legislation as it now stands she was not entitled to the full $40 old age pension and with it the full amount of the war veterans allowance. It was pointed out to her that her war veterans allowance would have to be reduced to $10.83 a month. In other words, as I said a moment ago with respect to these cases generally, this woman is not under a means test so far as her old age pension is concerned. She gets that $40 in full. But because of the means test in the War Veterans Allowance Act she can have only $10.83 of the so-called burnt-out pension.

In this particular case the war veterans allowance board not only reduced her cheque forthwith, starting with the month of March, to $10.83 so that her total income would be under the statutory ceiling, but they also said to her: Because you have been overpaid in January and February we will have to recover that overpayment. Therefore we are going to take $5 a month off your $10.83 cheque until the amount that you were overpaid in January and February is recovered. So she is now getting only $5.83 where she was formerly getting $40.41. I think it was vicious to do it at all but particularly vicious and unfair in view of the fact that the Minister of Veterans Affairs had announced in the house last fall that any changes made in the War Veterans Allowance Act would be made retroactive to January 1, 1952. If that is done the result in this particular case will be that a little later on this woman's case will have to be reviewed and something will have to be given back to her for January and February of the amount that they are now taking away from her.

I submit that, bad as it was to reduce the amount of the cheque at all, it was adding insult to injury to make a further reduction in lieu of that so-called overpayment. I hope in that particular case—as I say, I sent the details of it to the minister—that the making of that recovery will be discontinued and that the practice will be suspended in all these cases that are brought about in this way until the legislation respecting the War Veterans Allowance Act has been enacted. I think I need say no more at this time. I want to impress upon the minister and the government how strongly Canadians generally feel about this matter. The burnt-out pensioner is a person whom people in all walks of life feel should get the best possible deal. I hope we will get out of the government a better bill in terms of principles, in terms of the amount of allowance, in terms of the arrangements for other income, than I suspect is coming in view of what the minister has said.

Some time today, perhaps, when we get into committee I hope the minister might also deal with the last clause of the resolution now before us, which reads:

—and also to provide for the salaries of members of the war veterans allowance board.

These members are on salary now, of course. I would like to know if the phrase simply means that in the new act provision is to be made for their salaries to be continued, or whether it means there is to be an increase in their salaries. The minister raised a procedural point a few moments ago, and I think he may run into some difficulty if he is suggesting an increase, in view of the fact that the wording of the resolution does not provide for any increase at all. I think at some stage of the game today the minister should tell us what the salaries of the members of the board are now and what changes, if any, are proposed.

In closing, however, I say that the important aspect of the legislation now before us is that we fix the amounts of the war veterans allowance at reasonable levels, that we establish a more dignified relationship between war veterans allowance and old age security than is provided by the means test that is still being applied to the recipients of war veterans allowance, and that we accord the fullest measure of respect and dignity to these deserving fellow citizens to whom we refer so often as our burnt-out veterans, to whom we are so heavily indebted.

Mr. Victor Quelch (Acadia): My remarks will be brief, Mr. Speaker, because I think we will be in a far better position to discuss this matter after the bill has been brought down. However, I should like to say that we in this group are very glad that a measure to increase the amount of allowance and raise the ceiling has been brought in even at this late stage. I think it would have avoided a great deal of confusion and discontent if this legislation had been brought down in the first session of 1951, before the unemployability supplement had been introduced and before the increase in pensions had been initiated, because, as the

minister knows, there is a great deal of confusion and discontent in connection with this matter, and I believe this legislation will help remove most of it.

This legislation proposes to increase the amount of the allowance and to raise the ceiling; then it provides for assistance to veterans who may be employable in some degree. I was rather puzzled by that, though I suppose it will be easier to understand just what it means when the bill is brought down. Even with the minister's explanation, however, I do not quite understand. I should have thought it would be the other way around, that additional assistance would be provided those veterans who are unemployable. That is what the Legion asked for, because those unemployable veterans cannot take advantage of the casual earnings and make any additional income. This legislation apparently provides for additional assistance to those who can work. It seems to me that is the wrong way around, but as I say it will be better to wait until the bill is brought in.

I also regret that no mention has been made of the declaration of England as a theatre of war in world war I, and apparently no provision is going to be made for the payment of the war veterans allowance to the widows of imperial veterans who have resided in this country for twenty years but whose husbands died before that period of residence had been completed. However, since this is going to be referred to the veterans affairs committee. where I am satisfied it will get a thorough going over, and since I am a member of that committee, I will wait and take up these matters later.

Mr. Graydon: I am going to make the shortest speech in this debate, and ask the minister to remove the means test from the war veterans allowance.

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

Mr. Green: I would like the minister to explain to the committee what is to be done concerning what is called the war veterans allowance assistance fund. For a few years now a vote has been brought in each year—

Mr. Lapointe: It is going to be continued.

Mr. Green: —under which a maximum of $10 a month could be paid to a single recipient of war veterans allowance if he had no other income, and a maximum of $15 per month to a married recipient with no other income. In effect payments out of that fund were subject to a second means test, because the veteran had to establish that he had no other income. I wonder whether that plan is to be continued or whether it has been consolidated with the regular war veterans allowance payments. I notice a vote in this year's estimates for the fund, but I would ask the minister whether it has been consolidated with the regular act.

Mr. Lapointe: That fund is being continued, and the same principle will be followed.

Mr. Green: The same principle is to be applied?

Mr. Lapointe: Yes, in general.

Mr. Green: Then I think the committee is entitled to know the conclusion reached by the government as to the relationship of old age security payments to war veterans allowance payments. That question, of course, was brought up on different occasions last year, and now I think we are entitled to know what decision has been reached and what action is to be taken in that regard.

Mr. Lapointe: I regret that I do not understand too well what information my hon. friend wants. When the matter came up last session I did explain that we were considering the whole question of the war veterans allowance and its relationship to old age security payments, and that the government would introduce legislation this session as a result of that study. This is the legislation which I am attempting to introduce, and when my hon. friend looks at the bill he will be able to see whether or not it meets with his approval. I do not know just what else the hon. gentleman wants, unless he wishes a long discourse on social security, which I do not think would be proper at this time.

Mr. Green: Is the amount of the war veterans allowance to be reduced by any old age security payments a veteran may receive?

Mr. Lapointe: This bill changes nothing in any way in regard to old age security payments. It was made very clear last year, by myself when I discussed the matter and when the Old Age Security Act was discussed in the house, that for all purposes old age security payments are considered income. By this legislation nothing is done to change what is in the Old Age Security Act.

Mr. Brooks: Would that not depend on what ceiling is put on?

Mr. Lapointe: Yes, within limits.

Mr. Brooks: That will be set out in the bill, of course?

Mr. Lapointe: Yes, the amount of the ceiling is mentioned in the bill.

Mr. Green: The resolution reads:

That it is expedient to introduce a measure to amend and consolidate the legislation respecting war veterans allowances;

What other legislation, in addition to the present War Veterans Allowance Act, is to be consolidated in the new act?

Mr. Lapointe: It is only to include all the amendments which were introduced into the act within the last few years. As I explained in my opening remarks when introducing the resolution, we have rearranged the act and put it in more precise and orderly form for reference purposes. It is more easily understood.

Mr. Green: It is really just a revision of the War Veterans Allowance Act itself, and there are no other acts being consolidated?

Mr. Lapointe: Including the amendments which are being brought forward.

Mr. Brooks: A few moments ago I asked the minister whether those serving in England would be included in this act. The minister suggested that I might ask that question when we were in committee.

Mr. Lapointe: I suggested to the hon. member that he would see the details of the bill when it was distributed.

Mr. Brooks: That is an answer that the minister can give to any question.

Mr. Lapointe: It certainly is an answer that the minister can make to any question seeking detailed information. Unless my understanding of the procedure that takes place during the debate on the resolution is wrong, the detailed information is given in the bill. I understand that is the practice which is being followed, and I am sure the hon. member would not like to depart from any established parliamentary practice.

Mr. Brooks: The minister himself has departed from it, and that is why I am asking for the same treatment. The minister might have given the same answer to the hon. member for Vancouver-Quadra or any other member. I should like him to accord me the same courtesy he has shown to them.

Mr. Green: I submit the minister is not following out the proper practice. If what he now contends is correct, there is no use at all in having any questions on the resolution preceding a bill. All the minister needs to do is to say "Wait and see the bill." The question asked by the member for Royal is in order, and I submit the minister should answer it. Last year we had the Minister of Justice declining at first to give us the amount of salary that was to be paid, I forget whether it was to judges or some other public servants, but finally it was decided he would have to give the figure. Certainly, we are entitled to have an answer to the question asked by the member for Royal. We are entitled also to know the ceiling which is proposed, and the amounts by which these allowances are to be increased. All that information is relevant. When the minister answers by saying that we have to wait and see the bill, he makes a farce of this stage in dealing with legislation.

The Chairman: Is the hon. member rising to a point of order?

Mr. Green: Yes.

The Chairman: The hon. member did not say that, but merely expressed his views that the minister was not right in his interpretation of the practice in committee. It was for that reason I did not rise immediately to comment on the remarks made by the member for Vancouver-Quadra. It appears to me that members on all sides of the house ask questions of the minister, and the minister who is in charge of the resolution gives replies. It is not for the chairman to direct the type of reply that is to be made. The only rule which I must enforce is that the questions must be relevant to the resolution which is before the committee. I would say that so far the questions which have been asked by the hon. member for Royal and the hon. member for Vancouver-Quadra appear to have been related to the resolution.

When the minister says certain precise information is contained in the bill, what I believe he has in mind is that he would prefer that the information be given when the bill is being discussed clause by clause; that is his own position. It is not up to me to instruct him as to how he should reply to questions directed to him by any hon. member in the house. I think the hon. member will agree with me.

Mr. Green: Your Honour has held that the questions which we asked were relevant to the resolution, and I submit we are entitled to have answers to them.

Mr. Lapointe: I believe you stated, Mr. Chairman, that it was not up to you to give instructions as to the type of answer that the minister has to give.

The Chairman: That is quite correct.

Mr. Lapointe: I have no objection, but I wish to point out that we are now discussing a resolution which reads:

> That it is expedient to introduce a measure to amend and consolidate the legislation respecting war veterans allowances; for increasing allowances and permissible income; for assisting veterans who may be employable to some degree . . .

What is discussed at this stage is whether it is expedient to introduce such legislation, and not the specific details of that legislation. It seems to me it is absolutely improper to go into the details of the bill at the present time.

The question which the hon. member brings up concerns something which would be contained in a clause in the bill. If we are to go through that procedure at this stage, then we would be having repetition when the bill was introduced and was again before the committee.

Mr. Graydon: Mr. Chairman, might I—

The Chairman: Just a moment. I have listened very carefully to the remarks made by the Minister of Veterans Affairs in which he further clarified his understanding of the practice. I am at the moment considering citation 439 which appears in Beauchesne's third edition, which I think perhaps I might read to the committee:

> The object of the resolution recommended by the crown is to give the house a first opportunity to discuss the advisability of making certain expenditure. The details of the projected measure are not then disclosed and debate is confined to the resolution which should not be lengthy . . .

I think that both hon. members are quite right in their contentions. According to this citation, the minister is quite right when he says he is not going to divulge the details of the bill at this stage. There is no objection to that. There is no objection, either, to members asking questions about details, so long as those questions are relevant to the resolution.

Mr. Fournier (Hull): If he gives the details, we shall not need the bill.

Mr. Graydon: If the Minister of Public Works is answering me before I ask a question, that is an innovation.

Mr. Fournier (Hull): I am not answering you; I am answering the hon. member for Vancouver-Quadra.

Mr. Graydon: I believe that on reflection the minister will realize he is establishing something new in the way of procedure, and something which is not in accordance with long established practice so far as this house is concerned. In a case of this kind I have never known such a thing to occur. Well, yes, I have known it because ministers are never anxious, in most cases, to be giving information gratis to members of the opposition.

Mr. Lapointe: That is extremely unfair. I have always given all the information you wanted, but at the proper time.

Mr. Graydon: I want to say to the minister that in my opinion and, I think, in the opinion of the house generally, this is the proper time for the giving of information of the character of that asked for by the hon. member for Royal. All these things are a matter of common sense as well as of rules. It seems to me that the minister would facilitate and expedite the debate considerably if he would answer the question asked by the hon. member for Royal. It is not, I should think, a particularly difficult question to answer. If it is answered, it will give him some idea as to the prospective legislation that is before the house.

According to the rules, as I understand them, this resolution is for the purpose of discussing, before the bill is brought in, these various matters which the government has in mind so that if, after the debate has taken place, the government then feels that there should be an amendment to the bill, that amendment can be proceeded with. I do not think that you can just close the door entirely on questions in committee by saying: Oh, no; you have to wait until the bill comes. It has not been the regular practice here to do that.

Mr. Lapointe: It has been the practice.

Mr. Mutch: On the point of order, Mr. Chairman, if it is a point of order, may I say that I have been here as long as the hon. member who has just concluded his remarks, and I remember at least two occasions last year when, in introducing a bill, the minister began discussing some of the clause-by-clause items in the bill and was called to order by the Chair. I have forgotten what bill it was—

Mr. Green: That was on second reading.

Mr. Mutch: It was not on second reading; it was on the resolution. More than that, when these bills are prepared and are first printed, what is the practice of the house? They are marked "personal and confidential", and those bills are handled by those people only who are sworn to maintain secrecy with respect to them. There is no distribution of them, except to responsible officials, until after they have first reading in the house.

Mr. Green: Does that include parliamentary assistants?

Mr. Mutch: Yes; I have one. I think I have responsibility to maintain secrecy. If the hon. member has any information with respect to it, he has not obtained it from me. To say that it is not the practice to do as we are doing is just asinine. The staff of the house, as well as our own officials, are sworn to secrecy with respect to these bills. Personally, I cannot see that it makes any difference one way or the other. We always get three debates on these things anyway: one or two at the right time and then one or two semi-official ones. As to saving time, I do not think

it makes any difference. But it is the practice and it has been the practice at least for the twenty sessions that I have been here.

Mr. Graydon: This is not a secret session.

The Chairman: Order. Let us not enter into a prolonged debate on procedure. A question has been asked. The minister has replied in accordance with his own interpretation of the rules. Upon reflection, if one looks at the citation which I quoted a moment ago, namely citation 439, it would appear as though the minister is right. I cannot say that the hon. member who has asked the question has not asked a relevant one. But let us not enter into a prolonged discussion on procedure. Certainly this resolution is before hon. members for the purpose of discussing the advisability of making a certain expenditure, and I would imagine that the incident could be considered as closed.

Mr. Fournier (Hull): Before we close the whole thing, Mr. Chairman, may I suggest that we bring this question before the special committee on rules and standing orders. It will have a meeting this week.

Mr. Sinnott: Mr. Chairman, I think that the hon. member is losing sight of the fact that it is the government that is introducing this legislation.

The Chairman: Order. The hon. member must not speak on the point of order. I have already given my ruling, and my ruling is not debatable.

Mr. Sinnott: Thank you, Mr. Chairman.

Resolution reported, read the second time and concurred in.

Mr. Lapointe thereupon moved for leave to introduce Bill No. 181, respecting allowances for veterans and their dependents.

Motion agreed to and bill read the first time.

VETERANS BENEFIT ACT

PROVISION WITH RESPECT TO TIME OF EXPIRY

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

That it is expedient to introduce a measure to amend the Veterans Benefit Act, 1951, to provide that the act shall expire on the last day of the first session of parliament in nineteen hundred and fifty-three in lieu of the last day of the first session of parliament in nineteen hundred and fifty-two.

Mr. Brooks: Will the minister give us a short explanation?

Mr. Lapointe: Yes. I do not think it is necessary, Mr. Speaker, for me to say much at this stage with regard to this resolution. This is an annual bill which is being introduced to provide for the veterans benefits to be given to members of the Korean fighting forces. The Veterans Benefit Act, 1951, enabled the Department of Veterans Affairs to provide for the members of the Korean forces benefits similar to those which were granted to veterans of world war II. As hon. members know, the majority of the veterans benefits, as we know them, are made available to Korean veterans by order in council under that act. It has been the practice, since the forces in Korea were constituted, that such orders in council are drafted following a close study of the veterans legislation that can be made applicable to Korean veterans by an interdepartmental committee which submits its recommendations to me and, through me, to council. Section 9 of the Veterans Benefit Act, 1951, provides that this act shall expire on the last day of the first session of parliament in 1952. Through this bill it is proposed simply to amend the 1951 act in order that the act shall expire on the last day of the first session of parliament of 1953 and to continue the authority to grant, by order in council, the various veterans benefits to members of the Korean forces.

Mr. Brooks: It is the same bill as you had before the house last year except that the date is changed?

Mr. Lapointe: That is right; it is exactly the same bill except for the date.

Mr. Brooks: Does it include the forces in Europe or does it apply only to the Korean forces?

Mr. Lapointe: It only includes those forces, I believe—and I am subject to correction—which are in a theatre of war or in what is defined as a theatre of war. I do not believe that Europe is a theatre of war or that the 27th brigade, to which my hon. friend refers, is in a territory which is considered to be a theatre of war. In other words, the bill applies only to Korean forces at the present time.

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

Mr. Green: As I understand it, this bill is of a temporary nature, designed to meet a situation until it is possible to bring in permanent legislation to deal with these benefits.

Mr. Lapointe: Yes.

Mr. Green: When does the minister expect that it will be possible to provide for these benefits by legislation rather than by orders in council?

Mr. Lapointe: The procedure which is followed, as my hon. friend knows, is the

same as was followed during world war II. I believe that last year some of the orders in council, which were passed under the act, were put into statutory form. The Reinstatement in Civil Employment Act was so amended; so were the Pension Act and the Unemployment Insurance Act to replace what used to be out-of-work benefits under the old veterans charter during world war II. As the situation becomes clearer it is intended to put it into statutory form and get the approval of parliament of some of these various orders in council.

Mr. Green: Are there any benefits at the present time for the men who have served in the 27th brigade in Europe, or who served in Canada?

Mr. Lapointe: There are some benefits, yes. They enjoy the benefits of the Pension Act; they enjoy the benefit of the Reinstatement in Civil Employment Act; and they enjoy the benefit of the Unemployment Insurance Act that I mentioned before. All of the benefits of world war II have not been extended to them.

Resolution reported, read the second time and concurred in.

Mr. Lapointe thereupon moved for leave to introduce Bill No. 182, to amend the Veterans Benefit Act, 1951.

Motion agreed to and bill read the first time.

VETERANS INSURANCE ACT

PAYMENT TO ESTATES OF FULL AMOUNT OF POLICY

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

That it is expedient to introduce a measure to amend the Veterans Insurance Act so as to provide that in certain cases the estate of the insured may receive the full amount payable under the policy contract.

Mr. Brooks: May we have some information from the minister?

Mr. Lapointe: Mr. Speaker, this is simply to permit the introduction of a bill to correct an oversight which took place last year when we amended the Veterans Insurance Act. There was in the bill sent to the committee at that time a clause to amend section 11 of the Veterans Insurance Act. The section provided that:

Where, under this act, the insurance money falls into and becomes part of the estate of the insured, such estate shall be entitled to receive only the reserve under the contract at the time of the death of the insured.

We wanted to take away that restriction and make the full amount of the policy payable to the estate. But in the same clause, as hon. members with recall, it was prepared to introduce a war clause into new contracts. It was all in the same clause of the bill. When the bill was referred to the select committee on veterans affairs, the introduction of the war clause was not approved. And the whole of the clause was deleted, so that the old section 11 now stands as it was. In order to correct that situation we are proposing to introduce an amendment to the insurance act this year and make it conform to the returned soldiers' insurance act.

Mr. Green: Will it be retroactive?

Mr. Lapointe: It does not matter, that I can see.

Mr. Green: Will it be retroactive? In other words, will it cover any cases of veterans dying in the meantime?

Mr. Lapointe: No, it will take effect as from the date the legislation is passed.

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

Mr. Lapointe: I am afraid I did not make myself clear. There was no war clause. We wanted to introduce a war clause; as we were repealing old section 11, we decided to use that number for the section to introduce a war clause. This was objected to in committee, and as a result there was no war clause. But the old section stood, and we want to correct that now, and make the full amount of the policy payable to the estate.

Mr. Brooks: I remember the Legion objected, and I objected to section 11 being amended as proposed in Bill No. 352 last year.

Mr. Lapointe: That is it.

Mr. Mutch: We cut off too much.

Mr. Lapointe: We cut away more than we intended to.

Mr. Green: Will the position not be that in the case of an insured who died in the intervening twelve months, his estate will suffer unless this amendment is made retroactive?

Mr. Mutch: Just in the same way that every person suffered prior to the proposed amendment last year. It has the effect of delaying the amendment one year. The position will be just the same as that of any insured who died previous to the introduction of that clause a year ago, which was deleted.

Mr. Green: If this was a mistake in the committee, surely there should be no suffer-

ing because a veteran has died in the intervening twelve months. Surely provision could be made to cover the last twelve months.

Mr. Mutch: I suggest you make that argument in the committee. From past experience, I think it would be a good thing to do.

Mr. Wright: Will you call it six o'clock?

Mr. Mutch: No; we are almost through.

Mr. Wright: I want to ask questions with respect to this. It is now six o'clock. If this were the last bill I certainly would say let us finish it. There is another bill. We cannot finish the other bill.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Before you leave the chair, Mr. Speaker, may I say that at eight o'clock we will have private and public bills and orders. Then we shall revert back to these veterans motions. I do not know, if we do not take the whole of the evening on that, whether the house would agree to proceed with the motion setting up a committee in the name of the Minister of Resources and Development (Mr. Winters). It has to do with setting up a committee to go into national film board activities.

Mr. Drew: Mr. Speaker, I think we should proceed with what the minister announced last night, in view of the fact that certain hon. members have proceeded on the assumption that we were going to follow that order.

Mr. Fournier (Hull): Then it will be the discussion on the budget after these bills.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

CANADIAN WHEAT BOARD ACT

AMENDMENT PROVIDING FOR PAYMENT FOR FARM STORAGE

Mr. H. R. Argue (Assiniboia) moved the second reading of Bill No. 5, to amend the Canadian Wheat Board Act, 1935 (payment for farm storage).

He said: Mr. Speaker, I am pleased at this time to move the second reading of Bill No. 5, to amend the Canadian Wheat Board Act, 1935, payment for farm storage. The provision permitting the wheat board to pay farm storage was placed in the Canadian Wheat Board Act some years ago. The section of the act now provides that the Canadian wheat board shall pay storage if directed by regulation. This bill merely deletes the words "if directed by regulation". If the bill is approved by the house it will make it compulsory on the wheat board to pay for farm storage.

However, I would point out that even with the amendment as proposed by this bill the wheat board would still have the power to set the period during which farm storage would be paid. Even the way this bill is now drafted it would not be mandatory upon the wheat board to pay farm storage for a full twelve months period, but it would establish the principle that the Canadian wheat board shall in each year make provision for the payment of storage for grain held on farms.

In case hon. members representing constituencies outside of western Canada may think that this bill is asking parliament to pay from the national treasury the western wheat farmer farm storage, I would point out that that is not the case. The bill merely provides that part of the farmer's own money which has been obtained by the Canadian wheat board shall be used for the payment of farm storage. This is not an entirely new principle as farm storage was paid during the early years of the war. The mechanics of paying for farm storage are quite simple as the wheat board need merely to increase the initial price paid for wheat by the present storage rate paid to the elevator companies, namely, one-thirtieth of a cent per bushel, per day.

The first point I wish to make therefore is that this bill is not asking the federal treasury to pay the farmer anything; it is merely asking that a certain proportion of the farmer's own money already held by the wheat board shall be paid out in a given way. Over the last few years the difficulties experienced by farmers in marketing their grain in the fall, the fact that there is a growing inventory of wheat being held by the wheat board, indicate that something should be done to ease the situation.

Some farmers find that they do not have the same opportunity as other farmers to deliver wheat to market in the fall. While the country elevator system is spread throughout western Canada, that system along with the annexes and storage space is not distributed in such a way as to give the same market facilities to all farmers no matter at what delivery point they may wish to deliver their grain. The payment of farm storage would assist, in a material way, farmers who are unable to market their grain in the fall.

Certain policies followed in the last few years by the Canadian wheat board have meant that farmers at various points have had little opportunity to market their grain. I do not wish anything I say to be interpreted as criticizing the wheat board, but last fall in particular it adopted the policy of taking short-haul grain to the head of the lakes and to Vancouver terminals first. That meant that in the fall grain was moved first out of Manitoba and Alberta and farmers in certain other areas in Saskatchewan were forced to store grain for longer periods.

The secretary of the Alberta wheat pool points out that it has been the practice in the past for grain to be moved first to the head of the lakes from short-haul points, which meant that Alberta farmers had the greatest difficulty marketing their grain. The payment of farm storage at the rate of one cent per bushel per month would compensate those farmers who have to build additional storage for grain because of the policy adopted by the wheat board or because of non-availability of elevator and storage space.

Another policy followed by the wheat board, and again I am not criticizing it, has resulted in certain farmers having the opportunity to market much of their grain, if not all, much more quickly than others. This was due to the policy adopted by the wheat board of removing quotas for a certain period of time on the higher grades of wheat. Consequently the farmer who had threshed his grain and was fortunate enough to have milling grades of wheat was able to market it in the fall and receive payment for it while other less fortunate farmers had to bear the additional cost of storing grain on their farms.

From my observations with respect to farmers harvesting and delivering grain in the fall I would say that certain farmers, usually the well-to-do ones with modern hauling equipment such as a two or three ton truck, can market larger quantities of their grain, particularly when the quotas are lifted for a period of time, than can the small farmer who must depend on someone else to haul his grain or must use a team of horses or a small farm truck. Farmers who have modern combines and up-to-date machines are also able to harvest their grain earlier than some of their neighbours who are smaller farmers and must depend upon the custom combine or on equipment of their own which is in many cases obsolete.

The payment of farm storage would mean that a farmer who must store his own grain would get a payment of one cent per bushel per month. He would not make a fortune but he would receive a sum of money which would in part compensate him for the additional trouble of handling that grain three times, once out of the combine, once into the granary and once out of the granary, before it gets to town. I believe it would provide the farmer with additional money to go toward the cost of providing storage on his own farm. It is not a case now of whether or not the wheat board shall pay storage on grain. It is a case of whether we should ask the wheat board to make farmers along with elevator companies eligible to receive the regular storage rate.

I believe the payment of farm storage would also make it possible for a great many farmers to haul grain to the elevator of their own choice. I know that if I belong to the wheat pool organization, as I do, and if I care to, as I have in the past, I can store my grain on the farm even though there is room in a line company elevator and wait until finally there is room in my own wheat pool elevator. In the fall a great many farmers need money right away, and when they find the wheat pool elevator plugged to which they would like to haul their grain they are forced to haul to the line elevator company. If the farmer were paid farm storage he would at least have some small compensation for the trouble of handling his grain two additional times and he would then be in a position to patronize his own co-operative elevator company at a later date.

I believe it might be a good thing—and I ask the minister to give this point consideration—for the government to formulate a policy directed toward keeping on every farm a minimum quantity of grain at least until the middle of the summer. I believe the history of western Canada shows that in one year out of three there is a large area of crop failure. If the farmer in any crop failure area had on his own farm from 500 to 1,000 bushels of wheat he would have in that form some crop insurance and protection against crop failure. I want to point out again that the bill would allow the Canadian wheat board to vary the time over which farm storage could be paid. If there was a crop failure and the wheat board needed all the wheat that farmers could deliver, then of course the farm storage period could be greatly reduced. I doubt very much whether the wheat board is going to have any serious difficulty in the next year or two in obtaining grain to sell. The difficulty that the wheat board may well face is difficulty in being able to dispose of the grain offered for sale.

I believe that if farm storage were paid to farmers it would mean less clamour for available elevator storage space. The little fellow, who is now pushed to the wall in the

fall and cannot get his grain out in competition with neighbours who have modern equipment, would get some compensation, and perhaps at a future date within the crop year elevator storage space would be more readily available. I brought up this subject on December 14, 1951. I asked the Minister of Trade and Commerce (Mr. Howe) at that time if he and the government would give consideration to the payment of farm storage. The minister levelled quite a blast at me at that time. I am going to omit quoting that part of the proceedings now, but the minister had this to say—

Mr. Knowles: It was the Christmas spirit.

Mr. Argue: —as found at page 1979 of *Hansard* for December 14:

> My hon. friend is practically suggesting that when delivery of grain is made, say in March, instead of getting $1.20, which probably would be due on No. 1 Northern wheat, the farmer would get $1.24. All right, that is 4 cents he is ahead there. But when he gets his final payment he is going to find that 4 cents is deducted. All he gets is 4 cents a little bit earlier. If we changed the interim payment and made it 24 cents instead of 20 cents the result would be practically the same.

I have been attempting to make the point that farmers who must bear the additional cost of storing grain on their own farms should receive compensation. The minister says that all farmers are paid and should continue to be paid the same price for grain irrespective of whether or not they must store it on their own farms. But the minister does not follow that policy with respect to paying storage to elevator companies. He does not say: We will pay all the elevator companies the same storage fee irrespective of the length of time they store the wheat or the quantity they store. On the contrary, storage to elevator companies is paid as it should be in greater amounts to those elevator companies that store larger quantities of wheat for longer periods of time. Just as it would not be fair to pay each elevator company the same storage fee irrespective of the quantity of wheat that the company stores, it is not fair to pay each farmer the same price for a bushel of wheat irrespective of whether or not the farmer must store his wheat for a long period of time. The minister has said that it would not help the farmers at all. I admit that the main result of the bill would be a reallocation or redistribution of farmers' money amongst the farmers. But it does mean that those farmers who must bear the additional cost of storage for a considerable length of time because there is a lack of elevator space or because there is a shortage of box cars or because the wheat board is taking the short hauls first and has removed the delivery quota, would receive some compensation. Farmers are now paying storage on grain to elevator companies whether they like it or not. The carry-over last July 31 was greater than in the previous year, and there is no doubt the carry-over this year will show a further increase. That being the case, the elevator companies are likely to go on building more and larger annexes. In other words provision is going to be made for the storage of larger and larger quantities of wheat; the farmer is going to pay for that storage, and somebody else is going to get the benefit.

I do not suggest that we should stop paying storage to elevator companies, but I do say storage should be paid to farmers. If that were done I do not imagine the elevator companies would go on increasing the number of annexes so they could store larger quantities of wheat. Last year western farmers, through the wheat board, paid the elevator companies over $17 million. In my opinion the amount paid for elevator storage is likely to increase this year. But I believe it could be held at the present figure of $17 million if farm storage were paid, and any additional storage that might subsequently be needed for grain in western Canada built on the farms so the farmers would receive the benefit.

Mr. Sinnott: How much was that per bushel?

Mr. Argue: One cent per bushel per month. The attitude of any western member to this bill should, I believe, depend to a large extent on whether the farmers of western Canada want farm storage. Before I deal with that point I think in fairness I should say that in the correspondence I have had with various farm organizations I have not had strong support for this bill from the farmers' elevator organizations such as the Manitoba wheat pool, the Saskatchewan wheat pool or the Alberta wheat pool; but in the correspondence I have had with these organizations I can say they have not raised objection to this legislation. I think I can fairly interpret their correspondence by saying that for the most part their position was neutral.

On the other hand I have had correspondence with the Manitoba farmers' union who informed me, over the signature of their secretary-treasurer, that they have requested farm storage and are supporting the payment of farm storage; and they point out that they have a membership of over 22,000. Then I come to the Saskatchewan farmers' union, a grass roots farm organization that is strong and active at the present time. Year after year that union has consistently passed resolutions favouring the payment of farm

storage. As a matter of fact just a few weeks ago the Saskatchewan farmers' union presented a brief to the Canadian wheat board, and under the heading of farm storage it had this to say in part:

> Another plan to relieve elevator congestion both at local and terminal points and ease pressure on quotas, etc., is a plan of compensation to farmers for grain stored on the farm, especially for grades or kinds of grain not required for immediate marketable positions . . . We would again urge the board to seriously consider implementing a farm storage plan for grain for the new crop year. Such a plan could and no doubt should provide for cancellation of farm storage at any stated date on any given grade or kind of grain required for immediate sale.

Resolution No. 14 at the last annual convention of the Alberta farmers' union reads as follows:

> Resolved that this convention go on record as being in favour of the wheat board paying farm storage on undeliverable grain, at the same rate as elevator companies receive.

These statements and resolutions are couched in somewhat different phraseology but I believe those three farm organizations would support wholeheartedly the bill I am presenting to parliament tonight. I might add that at an executive meeting held in Regina on August 29 the Saskatchewan federation of agriculture adopted the following resolution:

> That this meeting of the Saskatchewan federation of agriculture request the wheat board to institute a system similar to that in effect in 1941 and 1943 of storage payments on grain stored on the farm.

There we have the farmers' unions of the three prairie provinces, together with the Saskatchewan federation of agriculture, advocating and supporting the payment of farm storage.

As I said before, Mr. Speaker, this bill would provide for the reallocation of a small proportion of the farmers' own money. It would provide some compensation to farmers who must store grain on their farms for a longer period of time and consequently must pay an additional cost with respect to storage. The farm organizations I have mentioned support this proposal. In travelling through my constituency and discussing this matter I can say the farmers themselves are almost unanimously in support of it. I believe it only fair that farm storage be paid directly to the farmers themselves, and if that were done we might need even less elevator storage than we now have. So I say the bill I am presenting tonight is in the interests of the farmers and in my opinion is supported by the rank and file western wheat producer.

Mr. Sinnott: As a farmer I would like to ask the hon. member a question, for the sake of information. How much would the administrative costs be in this connection?

Mr. Argue: I think that question might be better directed to the Minister of Trade and Commerce (Mr. Howe), but it would seem to me that the administration cost would be low. It would merely mean that the wheat board would increase by one-thirtieth of a cent a day during the storage period the payment for any particular grade of grain which the wheat board purchased. The minister told us at one time that there were over 300 grades of wheat. I do not think that the addition of one further factor by which the price of wheat will be varied would cost the Canadian wheat board very much in the way of administration charges.

Right Hon. C. D. Howe (Minister of Trade and Commerce): The hon. member for Assiniboia (Mr. Argue) has given, Mr. Speaker, a well reasoned argument in favour of farm storage. He said that I blasted him on another occasion. I certainly never intended to blast the hon. member. I consider him a hard working and capable member who is well posted on the wheat situation in western Canada. The section of the wheat board act that the hon. member proposes to amend was enacted in the spring of 1940 and applied to the 1940-41 crop as well as to the 1941-42 crop. The circumstances that caused the amendment of the act were that war had broken out in 1939; transportation to the old country was badly disrupted, markets were disorganized and Canada was receiving very few offers for her crop. At that time it was important to induce farmers to hold grain on their farms to the fullest extent they were able to do so. The clause is, in my opinion, still a valuable clause to be applied in any year that promises to be a year in which wheat does not sell readily. Nevertheless, I cannot agree with the hon. member that it is a clause which should be invoked every year; even when there may be an active market for wheat and when, as this year, wheat can be sold if it can be delivered at seaboard.

I am sure the hon. member will agree with me that no impediment should be put in the way of getting saleable wheat delivered to the wheat board and delivered by the board to ocean ships as rapidly as the market will absorb it. We all know that the successful marketing of wheat and other grains is primarily the marketing of a crop in the year in which it is grown. I have been around western Canada for some forty years, and I am well aware that the calamities in the past, involving a sharp fall in the price of wheat, have been caused by

accumulated unsold surpluses from previous crops. It is that situation which I believe should be avoided above all others.

The hon. member has said that no taxpayers' money is involved in his amendments. His proposal is that all the producers of western Canada who market wheat, oats or barley, shall pay to certain producers, who carry their wheat, oats and barley on their farm for a period, storage rates as set out in the bill. I think such payment can only be justified on one of two grounds. The first ground would be: is it to the benefit of all the producers that this should be done? In other words, will all the producers benefit from the money that will be paid to those who collect storage on farm stored grain? The second ground would be that the present system is inequitable, and would there be greater equity as between producers if farm storage were paid?

Now, we will examine the first point: will it benefit all the western farmers if certain wheat or oats or barley is held back on the farms? I see nothing to indicate that that would be the result. As I have said we have today, and have had for several years, a very active demand for Canadian grain. Last year, and again this year, the sales of wheat, oats and barley were limited only by the quantities of those grains that could be delivered in a marketing position at the proper time. Surely, no inducement should be held out to any producer which would induce him to avoid delivering his grain when that grain is needed by the wheat board. The board has to sell wheat well in advance of loading at seaboard, and it can only sell wheat, oats or barley when it is assured that the grain being sold is in a position to permit the carrying out of the contract entered into by the wheat board. With the international wheat agreement, the situation in regard to wheat is not as difficult as it was when wheat was being sold on the open market or to individual customers. The board can have reasonable assurance that the wheat which it sells will be delivered, and it can proceed in its selling with a good deal of confidence, for it knows the selling price of wheat before the season opens, and it also has some reasonable assurance of the quantity of wheat that will be delivered.

Let us take a case that is easier to examine. Let us examine the sale of oats. Now, the active period for selling oats is in the winter months. I have here the prices and sales of oats for the crop year 1950-51, the last full crop year of which we have record. We find that in September, 1950, when deliveries of oats commenced, 7·3 per cent of the crop was delivered and the average price was 88½ cents. The next month, October, 15·8 per cent of the crop was delivered and the price was about the same, 86⅛ cents. In November, 14·8 per cent of the crop was delivered and the price was 92⅜ cents. In December, 9·7 per cent of the crop was delivered and the price was 95⅝ cents. In January, 8·3 per cent of the crop was delivered and the price was $1.01. In February, 3 per cent of the crop was delivered and the price was $1.05⅝. In March, 2·3 per cent of the crop was delivered and the price was $1.01⅜. In April, 3·8 per cent of the crop was marketed—we are now getting into the spring months—and the price was 99¼ cents. In May, that is when the cattle were out to pasture, 7·7 per cent of the crop was delivered and the price was 89¼ cents. In the month of June, 11·9 per cent of the crop was marketed and the price was 80⅞ cents. In the month of July, we find the biggest marketing of all, 15·4 per cent of the crop was marketed and the price was 77⅞ cents.

Let us look at it from the point of view of all the producers of western Canada, the people who are paying these bills and who would be paying the man who stored his oats on the farm and sold them in the months of May, June and July. Who should pay the shot? Should it be all the producers who should pay those people who hold their oats back and dump them on the summer market, thus cutting the price 20 to 25 cents a bushel, or should it be the farmer who delivers his oats to the pool in July, knowing he was going to bring down the average price to all producers? Should he not instead pay for the privilege of coming into that pool at that late date? I think he should. I think that is a fairly typical illustration of the folly of the argument that grain storage should be paid on the farm to defer delivery of grain that could be marketed.

The position of barley was much the same for last year. I will not give all the figures. About 50 per cent of the barley was delivered in September, October and November. That barley brought from $1.52 to $1.57, the lowest being $1.52. Twenty-four per cent of the barley was marketed in May, June and July, and that barley brought $1.36½, $1.26⅛ and $1.19. Oats and barley were sold, following the practice of the board, as they were delivered. The barley that is delivered in November is sold in November; the barley that is delivered in December is sold in December. If more barley had come forward, more barley would have obtained the prices that were prevailing in those months. The people that held back for their own purposes—and it must have been for their own purposes because it was not necessary—and

preferred to market their grain in June and July were the people that cost all the producers of barley in western Canada a substantial reduction in the final payment for that barley.

I think that the first test that I would apply is this. Is it a good thing for all the farmers of western Canada that certain people should hold back their grain when it is possible to deliver it to the elevators? I say that farm storage does not produce a beneficial result.

Let us examine the position with regard to gross inequities. The hon. member for Assiniboia will say that some farmers can deliver their wheat promptly and get paid their initial payment while other farmers are not able to do so. I would remind hon. members that in western Canada we have a quota system. The quota system is not perfect but generally speaking it provides that every producer in western Canada can market a certain proportion of the production of his acreage. Quotas usually start at eight bushels an acre. Therefore every farmer in western Canada can deliver and get paid for eight bushels per acre of wheat.

Where then does the inequity come in? We will say that one man has 20 bushels of wheat per acre, that he can market only eight bushels per acre and that he has to hold back the other 12 bushels. Then there is another man who has only eight bushels of wheat per acre and he is in an area which produces only eight bushels of wheat to the acre. He can market all his wheat under the quota system. It is therefore contended that the man with the big crop is discriminated against. Well, who should be discriminated against? Is it the man with the big crop or the man with the small crop? It seems to me that if there is any equity in the marketing of wheat, that equity is preserved by the quota system and that the fortunate areas—the areas with the big crops—have their good fortune through having big crops and are not entitled to ask all the producers of western Canada, small and large, to pay them additional sums because they have quantities of wheat that cannot immediately be marketed and because certain quantities have to be retained on the farm.

Those are the two tests. I do not know of any others. On the basis of benefit to all the farmers, the farmers who have to pay the bills for farm storage, I say that they tend to lose if farm storage is made compulsory as is proposed in this bill. As to equal opportunity to market grain, I say that opportunity is protected by the quota system. The quota system applies equally everywhere. If it favours farmers in poor-crop areas, I do not call that inequity. I think the man who gets a poor crop and who is located in a poor crop area is entitled to any advantage he may get by being able to deliver all his wheat as it is harvested. In areas where the yield is great and where the producer has a big crop, if he can market his eight bushels an acre along with the rest of western Canada, I say that he is not being penalized by the fact that, out of his surplus, some part has to be carried over until space can be made available in the elevator system.

A point has been made of the fact that the farmer pays storage to the elevators. He pays only that storage which is incidental to getting his wheat, oats or barley to market in the shortest possible time. The grain is not purposely held in country elevators. The country elevator is a marketing point for wheat, where wheat is weighed, graded and loaded into box cars. Good operation provides that storage at country points should be held to a minimum. Of course in the winter months there may be some delay in transportation and storage may be paid in country elevators.

The terminal elevators are in exactly the same position. In order to keep transportation moving in the winter months, it is desirable to have storage where grain can be accumulated for the opening of the navigation season. But there again the purpose of the wheat board is not to put wheat in those elevators in order to collect storage. The purpose is to use those elevators as an instrument for getting the grain to the seaboard as rapidly and as economically as possible. I do not think it is at all comparable to say that because elevators collect storage from the producers who use the elevators, for that reason the producer should be paid for storing wheat, oats or barley on his farm when otherwise that wheat, oats or barley could be delivered and sold by the wheat board at the time when the market is favourable.

For those reasons it seems to me that this bill should not receive support. I have never been able to see a case for payment of storage on the farms except in those years when the market is sluggish and when additional deliveries of grain would only clog the marketing machinery, instead of facilitating the sale of the grain. In periods of that kind the present act permits the government to apply the provisions of farm storage payment by regulation. Those provisions have been applied in the past and they may very well be applied in the future. But I cannot think of anything more harmful to the marketing

of grain in western Canada, or more detrimental to the best interests of the producer, than to make mandatory the payment of storage on the farm during every year, regardless of marketing conditions.

Mr. Robert Fair (Battle River): Mr. Speaker, in days gone by I have had a great deal of fun in supporting farm legislation; and when good legislation is introduced at the present time I will be just as energetic as anybody else in the house in advocating it, because I believe the farmers need all the help they can get; and no one is in a better position to give them some help in straightening out some of their injustices than is the minister who has just taken his seat. If he will only ask the Canadian bread eaters to pay the proper price for the farmers' wheat, I for one will be much better satisfied than I am at the present time with our contracts.

With regard to this bill, the main thing it asks for is the striking out—from subsection 2 of section 21, I believe—of the words "if directed by regulation". If the wheat board find it advisable or beneficial to the wheat growers, they have all the power under the present act that is asked for in this bill. Personally, I can see arguments for and against this change. I do not see sufficient advantage in passing this legislation to make the change asked for. I can see that a farmer who is financially able can hold back thousands of bushels of his grain and draw storage on the farm for that grain. On the other hand, I can see a number of the little fellows who have perhaps 500 bushels or 1,000 bushels of grain of their own contributing to pay that storage to the man who is in business in a big way. Therefore while this legislation provides benefits in some ways, it will create injustice in other directions.

Since the act as it stands at the present time contains everything that is asked for in this bill, it is not my intention to support the bill. It has been stated by the mover of this bill that the farm organizations, or the western wheat pools, are neutral. In this instance I believe they are right. I could also be neutral and not vote for or against. I realize that when farm organizations, or any other organizations, meet in convention and have a resolution presented to them—it may be presented by somebody who has not thought the matter all the way through, and he may very easily get that convention to vote for something about which they know very little, or to which they have given very little thought—they may pass it without knowing what they are doing. Perhaps that is what happened with regard to some of the organizations that voted for this out west.

I do not feel that anybody will be injured by our not passing this legislation tonight, because, as I have stated already, everything asked for in this legislation is already contained in the wheat board act as it stands at the present time.

Mr. G. M. Ferrie (Mackenzie): Mr. Speaker, I want to say a few words on this bill also with regard to farm storage. It seems to me that the wrong attitude has been taken with regard to this farm storage. In the first place, the elevator companies take in the grain and get it out to market as fast as they possibly can, in the fall of the year. The farmer does exactly the same thing. He wants to get it to market as fast as he can get it there. The man who is forced to do that is the man who has to sell his grain, the small man, the small farmer who has to sell 500, 600 or 1,000 bushels to pay his debts. He has to sell it at that time.

Let us take the big man, and calculate this on an interest basis. Threshing starts in August. We have August, September, October, November, December, and then January, February and March. Up to February he has six months at 6 cents a bushel for storage. Tell me of any good common-sense farmer who has an amount of grain who would not keep that grain in the granary for 6 cents a bushel for storage? Any rich farmer will keep his right in the granary for 6 cents a bushel for storage. Why should we pass this legislation and allow the rich farmer to receive that gain?

I will agree that the man with 1,000 acres or 2,000 acres down in the southern part of the province of Saskatchewan can afford to do it, but the farmers that I represent certainly cannot afford to do that. They try to get their grain out, and they get it out as fast as they can. Here is another thing that would happen. March and April come along. What would happen is what happens in the fall. Manitoba floods out everything. If we were to have the farm storage proposition we would have that happen in April because all these men down there would naturally keep their grain if they could get that large amount for storage.

Take the situation as it stands today. The minister has told us that he can sell this grain as fast as he can get it. The man in the country who is going to get 6 cents a bushel for storage on his grain is naturally, beyond any shadow of a doubt, going to keep that grain. Why would he keep it? He would keep it because there are two things that he will get out of it. In the first place he is going to be sure that he has a crop. If he does not, he keeps that grain. In the second place, he is going to be well paid for it, and

we, the smaller farmers, are going to have to sell our grain in the fall of the year, or during the winter months, and then we are going to have to pay the rich farmer, too. It is all going to have to come out of that amount.

If you are going to sell an article you have to put it in the place where you can sell it. We have not got enough transportation in western Canada to draw even 40 per cent of the crop in the last two months of the year. I am sure that if we had the transportation to do the work, which we have not, in the final analysis, we would bog down because of the large surpluses that would be built up, owing to the amount that was being paid for that storage. The farmers would not think about storage; they would think of the dollars that they were going to get out of it. I am sure that the majority of farmers in the eastern part of the province of Saskatchewan certainly do not want farm storage.

Mr. Sinnott: What about the man who feeds livestock?

Mr. Larson: I have two or three things that I should like to say on this subject, but I should like you to call it nine o'clock, Mr. Speaker, and I shall adjourn the debate.

Mr. Speaker: Shall I call it nine o'clock?

On motion of Mr. Larson the debate was adjourned.

Mr. Speaker: The house will resume the business which was interrupted at six o'clock.

VETERANS INSURANCE ACT

PAYMENT TO ESTATES OF FULL AMOUNT OF POLICY

The house resumed consideration in committee of the following resolution—Mr. Lapointe—Mr. Beaudoin in the chair:

That it is expedient to introduce a measure to amend the Veterans Insurance Act so as to provide that in certain cases the estate of the insured may receive the full amount payable under the policy contract.

Mr. Wright: When the house rose at six o'clock I was about to ask the Minister of Veterans Affairs a question with regard to this resolution. I am just wondering whether this resolution means at least what I interpret it to mean. It says:

That it is expedient to introduce a measure to amend the Veterans Insurance Act so as to provide that in certain cases the estate of the insured may receive the full amount payable under the policy contract.

I have had communications from certain veterans who carry this insurance who wish to have it placed to their estate on their death but under the contract as it stands at the present time it must go to the next of kin. In some cases the veterans are desirous that it should go to their estate rather than to the next of kin. I am wondering about this amendment which is being suggested here, which states that under certain circumstances the insurance may be left to the estate.

Cases were placed before the board which indicated how unfair it was when a veteran had to leave his insurance to his next of kin. In one particular case the next of kin were living in Great Britain and had had no interest whatsoever in the veteran or his welfare. In that case the veteran would have preferred to have left his insurance to his estate and then to have disposed of his estate by a will to people who had been friendly to him during his lifetime. I am just wondering whether the minister has explained whether that would be possible under the proposed amendments.

Mr. Lapointe: Before we rose at six o'clock I endeavoured to explain the purpose of this legislation. I believe the cases to which my hon. friend has referred will be taken care of by this amendment. The Veterans Insurance Act provides for certain classes of beneficiaries. When taking out a contract the veteran specifies the beneficiary to whom the policy will be payable in the event of his death. There was a restriction in the Returned Soldiers Insurance Act which was eliminated last year and but for the error which I was explaining at six o'clock a similar section would have been eliminated from this act.

Under this amendment we will now be able to pay the full amount of the policy instead of only the reserve as is the case at the present time.

Resolution reported, read the second time and concurred in.

Mr. Lapointe thereupon moved for leave to introduce Bill No. 183, to amend the Veterans Insurance Act.

Motion agreed to and bill read the first time.

PENSION ACT

ADJUSTMENT OF CLOTHING ALLOWANCE IN CERTAIN AMPUTATION CASES, ETC.

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

That it is expedient to present a measure to amend the Pension Act (a) to adjust the allowance for excessive wear and tear of a pensioner's clothing, when he wears a prosthesis, to correspond to the increase in the basic scale of pensions; (b) to make more adequate provision when there are two

dependent parents of a deceased member of the forces; and (c) to provide for some administrative changes.

Mr. Brooks: Will the minister explain?

Mr. Herridge: Mr. Speaker—

Some hon. Members: Order.

Mr. Lapointe: I had no intention of saying anything until the hon. member for Royal (Mr. Brooks) asked me to explain. The amendments which are contemplated in the bill to follow this resolution will provide for an increase in the allowances paid to veterans for wear and tear on clothing as a result of an amputation or the wearing of prosthetic appliances.

It is also intended to increase the amount payable on behalf of a second dependent parent when there are two dependent parents involved. This award of dependent's pension where there is a second parent is, at present, $15 monthly and will be increased.

The other amendment was suggested last year during the course of a discussion on the bill to amend the Petition of Right Act. I believe it was the hon. member for Kamloops (Mr. Fulton) who questioned the Minister of Justice (Mr. Garson) on the application of that act as a result of a decision rendered by the exchequer court a short time previously. The purpose of the amendment is to ensure that an applicant whose claim is based on accidental injury or death due to negligence of a servant of the crown shall not be placed in a better position than an applicant whose claim is based on disability or death due to enemy action.

To illustrate what I am trying to say: It would not permit anyone drawing a pension under the Pension Act as a result of injury or death of a soldier while on service to also claim against the crown before the courts of this country for damages over and above the pension being received. A similar section was placed in the Government Employees Compensation Act following a judgment that had been rendered by the Supreme Court of Canada, and I believe a similar section is to be found in all provincial workmen's compensation acts.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I want to say a few words on this resolution. First of all may I thank the minister for the explanation he has made. I am particularly interested in the resolution because it proposes certain amendments to the Pension Act which have not been the result of, shall I say, strong representations or pressure by any organization or group. That indicates to me that these amendments possibly result from the close observation of the officials charged with the administration of the act with respect to omissions in the legislation as a result of the amendments last year and the effects of changing conditions and circumstances. If I am correct, I think that is very much to the credit of those who are administering the Pension Act. I tried to listen carefully to what the minister was saying but the debate on the farm storage of wheat was progressing to my rear. Therefore I could not hear very well and I did not hear all the minister had to say. Fortunately that debate has now been adjourned to the lobby.

The resolution before us is divided into three sections. The first reads as follows:

(a) to adjust the allowance for excessive wear and tear of a pensioner's clothing, when he wears a prosthesis, to correspond to the increase in the basic scale of pensions.

I am sure every member of the house realizes that is good and to the advantage of the pensioners concerned. I am very pleased to see this amendment proposed because I presume that the number of people affected is relatively small, and it is most agreeable to this group to see that even the needs of this relatively small number are being given consideration by this amendment. The second part of the resolution reads as follows:

(b) to make more adequate provision when there are two dependent parents of a deceased member of the forces.

I am not quite clear on what is meant because I did not hear the minister's explanation very well. However, from what I heard I would say that this provision is good as far as it goes. When we are in committee I should like the minister to explain whether this also means that consideration is being given to removing the means test from the compassionate pension under section 35. I understand that is the section concerned in this proposal. I should like the minister to explain that further because when we were amending the act last session I, in association with several other members, brought this matter to the attention of the house. It has been brought to my attention on quite a number of occasions by those who are directly concerned with the administration and effects of section 35 as it now stands. I hope that when consideration is being given to this amendment the minister will be persuaded to amend the act further so as to remove that means test. The third part of the resolution reads as follows:

(c) to provide for some administrative changes.

There again I did not hear clearly what the minister had to say. That was not his fault, but did he inform the house of all the administrative changes proposed when he was speaking?

Mr. Lapointe: Yes.

Mr. Herridge: I must say that, although this resolution covers a rather limited scope, it is of great importance to at least a small number of people, and I am very pleased to see the government proposing these amendments to the Canadian Pension Act.

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

Mr. Brooks: I want to ask the minister one question. Clause (a) of the resolution refers to adjusting the allowance for excessive wear and tear of a pensioner's clothing so as to correspond to the increase in the basic scale of pensions. The purpose of clause (b) is to make more adequate provision when there are two dependent parents of a deceased member of the forces. I should like to ask the minister why there is not an increase when there is only one dependent parent of a deceased member of the forces. Why should it only apply when there are two? Subsection (a) speaks about an increase in the basic scale. Why should there not be an increase for one dependent as well as for two to correspond with the increase in the basic scale?

Mr. Lapointe: As my hon. friend knows, in the case of pensions paid to dependent parents there is what I might call a means test. My hon. friend is aware of that. They are not pensions that are paid as of right like the pension paid to the disability pensioner or a widow. I believe there is a ceiling in the act, and consideration must be given to the circumstances of the dependent parent within that ceiling. There also was a ceiling in the case of two dependent parents. The amount was limited, and we are intending to amend the act to increase the amount in respect of the second parent.

Mr. Brooks: I do not understand yet why it is not intended to increase it for the first.

Mr. Mutch: There is power under the legislation as amended a year ago to deal with one dependent parent but there was a fixed ceiling in the legislation which placed a limit on the total amount payable to the two of them when there was a second parent, and the proposal is to increase that joint sum.

Mr. Knowles: The ceiling?

Mr. Mutch: The sum of the two. Under this proposal it can be higher than it was possible for it to be before.

Mr. Knowles: Is the ceiling being raised when two are involved?

Mr. Lapointe: That is right.

Resolution reported, read the second time and concurred in.

Mr. Lapointe thereupon moved for leave to introduce Bill No. 184, to amend the Pension Act.

Motion agreed to and bill read the first time.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Friday, April 25, consideration of the motion of Hon. Douglas Abbott (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Macdonnell (Greenwood), and the amendment to the amendment of Mr. Coldwell.

Mr. W. D. Wylie (Medicine Hat): Mr. Speaker, when this debate was adjourned last Friday evening I was about to deal with family allowances and old age security. Since that time we have had a debate on the Family Allowances Act, during which much useful information was disclosed. However, the fact remains that the payments made under that act today are not what they were when it was enacted in 1944. They do not have the same purchasing power; instead of being the payments they were, they are considerably reduced. The Minister of National Health and Welfare (Mr. Martin) discussed this subject very thoroughly, and I admired his courage and the way he put forth his views. He praised the Liberal party for bringing in family allowances, and said it was the first party in this country to think of them. I suggest that the Social Credit party in Alberta was the first party to suggest that dividends be paid to the people of this country, and without a means test.

Mr. Byrne: But you never paid them.

Mr. Wylie: It is true that the Liberal government has come a long way toward meeting our requirements. It is also true that we do not agree with the way they collect the money with which to pay these allowances. The fact is that the Social Credit party of Alberta was the first party in Canada to suggest a dividend.

Mr. Byrne: They suggested it, but they never paid it.

Mr. Wylie: I will handle you in a minute. I agree that any time we add to the purchasing power of the common people we are doing something good. If in 1930 or even 1937 or 1938 we had suggested that $322,150,000 be distributed, you know what would

have happened. They would have said that was inflation; that we would be giving the people something for nothing, and we would ruin everyone. If that money had been distributed in those bad years—

Mr. Byrne: Where were you going to get it in those years?

Mr. Wylie: The same place we would get it today. If that had been done we would not have had the suffering we saw in many parts of this country. Perhaps the hon. member who is interrupting me did not go through that. I doubt if he did. He looks very well fed, and I imagine he was well fed in the thirties, from the way he talks. When we did suggest the distribution of a dividend in 1933 and 1934 and up to 1937, they said it could not be done, that we would have inflation. Well, I would sooner have inflation any time than deflation. When we have inflation, within limits, people have money; but in those tough years when we had deflation no one had any money. The trouble was that we produced so much everyone had to starve. I remember that I was employed by the Alberta government as an agricultural field man on relief work. The dominion government shipped in carloads of cheese, beans, creosoted fish and everything else to be distributed by the mounted police among the recipients of relief. At the same time people running stores in those towns and villages were going broke because they had too much of those goods on hand and could not sell them. Is that the way you want to live? I don't. I saw what happened, and we do not want that to happen again.

Mr. Byrne: It won't, under a Liberal government.

Mr. Wylie: Under a Liberal government? Surely you do not want me to start in on the Liberal government. If you do I can do it, and I can tell you plenty. Talk about the poor prices being paid for cattle today. Think what the Liberal government did back in 1937 and 1938, when they bought our cattle for a cent a pound. Don't ask me about the record of the Liberal government in the purchase of cattle. I had no intention of getting into this, Mr. Speaker, but the hon. member asked for it and I gave it to him.

In connection with old age security, together with the other members of this group I was very happy to see the means test removed at the age of 70. One thing we did disagree with was the amount paid. Today Liberal members get up and praise the Liberal government for removing the means test. That was done by unanimous consent of the house. Having had eight years of experience in handling old age pensions over a very large area, I knew what conditions were, and I was glad to see the means test abolished. It enabled some people to receive the benefits who otherwise would have been disqualified. But the dominion government has done one thing by paying only $40 per month. It has forced every provincial government to use a means test in connection with any supplementary pensions. I know that is the case in Alberta, where we pay one of the highest pensions in Canada to our aged citizens. We pay $10 a month plus all medical and health benefits, but that comes under the means test. We render the same assistance to the people from 65 to 69. Not only that, but in Alberta we pay a pension of $40 per month to widows who are between 60 and 65. What other province pays a pension to widows? Certainly the federal government does not but the government of Alberta does.

Mr. Byrne: How many widows?

Mr. Wylie: I am sure that if you lived in Alberta there would be another widow.

Mr. Speaker, those are the facts, and that is what Alberta is doing; but we are forced to do it under a means test. I am sure that Saskatchewan and British Columbia use the means test on their supplementary payments. Perhaps Ontario does, too.

Mr. Hellyer: Ontario does not have a supplementary payment.

Mr. Wylie: The hon. member for Davenport (Mr. Hellyer) says that they do not have a supplementary payment in Ontario. In other words, the old age pensioner must get along on the $40 per month. I am sure there are plenty of Conservatives from Ontario here who could correct that statement if it were wrong. In Alberta, we do have a supplementary payment, because that province is one of the top provinces so far as provision for old age security is concerned.

The other evening I listened to a very interesting speech delivered by the hon. member for Churchill (Mr. Weaver). It was a very enlightening speech. He showed us what could be done in that northern part of Manitoba, and what can be done in northern Manitoba can be done in Saskatchewan and Alberta. Those areas hold untold wealth. We know there are many thousands of acres of agricultural land and thousands of acres of minerals that have not yet been explored. While I listened to the hon. member I could not help but think about the southern and central part of Alberta and Saskatchewan, and the development that we could have in

those areas. I am going to speak about Alberta, because I know more about that province than any other.

In Alberta we have three large irrigation schemes that are being developed. There is the St. Mary's-Milk river, the Bow river project and the Red Deer river diversion. If those three projects were fully developed, and we hope they will be in the very near future, they would bring into the irrigation area close to 900,000 acres with a potential for the establishment of perhaps 10,000 or 11,000 farms. This area is well served by railroads, highways and other services which must be taken into consideration in developing communities. In the southeastern part of Alberta we consider every year a dry year. Last year was an exception, and we had an abundance of rain. As a matter of fact, we had so much rain we could not get our crops harvested, which is very unusual for that area. However, over the years the people of the drought area expect every year to be a dry year. This year the area is starting with an abundance of subsoil moisture. As a matter of fact, there is from four to five feet of subsoil moisture which is more than we have had for thirty years. It does not mean that we are going to have a crop. The southern portion of the province is subject to these Chinook winds which will dry up a crop in about five days. As a matter of fact I have seen a crop standing four feet high, and within one week it has been wilted to such an extent that you could see the rows in which it was seeded right across the field. It is for that reason we need these three irrigation projects, and that is why we must continue to work in spite of the floods we had this year.

I might say that Medicine Hat experienced this year one of the worst floods it has had since 1918. A thousand people had to leave their homes. I am sorry the Minister of Agriculture (Mr. Gardiner) is not here, but it does seem to me that the P.F.R.A. should use its power to establish dams in that area so that the water could be stored. One of the main causes of the flood at Medicine Hat was the dam on Seven Persons creek. While the dam did not go out the spillway did, and the results are the same.

What happened with regard to the Ross creek project? P.F.R.A. administration had all the supplies in there in order to put in head gates on the canal and to divert the creek into the canal, but they were moved away before the diversion was completed two years ago. The result was that a year ago this spring the main highway leading south to an important farming district was flooded to a depth of several feet of water. The farmer's yard where the diversion is located was washed out to a width of about 20 feet, with water to a depth of 14 feet. This year the P.F.R.A. administration had to repair that damage. It has cost them thousands and thousands of dollars to do what they should have done in the first place, namely, to put in proper head gates in the canal. At the present time the head gates are not in the canal. This means that our reservoir is not full because we could not turn the water in.

In this house we talk about saving money in the estimates. The hon. member for Moose Jaw (Mr. Thatcher) mentioned many ways in which this could be done. I mention this one tonight. When we have the goods on the job, let us use them and finish it. But they were moved away. I would not venture to say that they were playing politics by moving them away but I believe that is exactly what happened.

Mr. Byrne: Did you ask them?

Mr. Wylie: I did. That is what happened. The job was not completed. The storage of water in southeastern Alberta is extremely important to that area.

Another matter that must be looked into is another storage dam on the Bow river. That is of great importance. The farmers of the eastern irrigation district are worried lest they will not have enough water when a dry year comes along. They have a right to be worried, because when we put another 400,000 acres under water on the Bow river development project it is certainly going to require all the water that we can store. There is only one solution, namely, to build another dam on the Bow river. The more we do in that line, the more we are going to save for the people of Canada.

We want more people out west. Certainly we do. There is only one way in which we are going to get them and that is by developing our natural resources. Alberta is today doing a good job in developing her natural resources. I do not have to tell hon. members that, because they all know it. But we must have more development in the way of irrigation and we must have more people to settle on the land. In that way they will be producing something that will be of benefit to Canada.

We as members of parliament must have not only a provincial but a national outlook. Too many Canadians today do not believe that anything which benefits one part of Canada benefits the remainder, but it does. Let us work together so that we can develop this country from one end to the other.

Mr. J. A. Ross (Souris): Mr. Speaker, in rising to take part in this debate I should

first of all like to refer to a statement made by my colleague the hon. member for Greenwood (Mr. Macdonnell). As reported of page 1474 of *Hansard* he stated:

. . . there is not much satisfaction to many of our taxpayers to hear these millions and billions bandied about—they do not live in a world of millions and billions; they live in a world of fives and tens, and less than that. It is the ordinary taxpayer that I am interested in, and it is the ordinary taxpayer that this house exists to protect.

I think there is a great deal of food for thought in that statement made by the hon. member for Greenwood. I believe that important fact is all too often overlooked in this chamber.

This has been a huge budget, one of approximately $4·5 billion, that the Minister of Finance (Mr. Abbott) left with us to discuss and to debate in this chamber while he departed to the south for some days. We have been rather accustomed to the phraseology of the Minister of Trade and Commerce (Mr. Howe) to the effect that we might save a million dollars, but what is a million nowadays? I am afraid that has become rather the mental attitude of the government of the day in taxing the people and in the expenditure of our money.

A great deal of this budget is for national defence. Mr. Speaker, I should like to refer to an editorial in the *Globe and Mail* of April 26. It is headed "$18,000 Per Man" and reads as follows:

If money is the sinews of war, Canada's armed forces should be the most formidable the world has ever seen. They are certainly the most expensive the world has even seen. Never before in history has a nation's armed forces cost it more than $18,000 per man. Even today, no nation comes close to that figure—including the United States, which is supposed to be the most extravagant in its military spending.

It is a matter of simple mathematics. Canada's defence budget, exclusive of foreign aid, is $1·7 billion. Our armed forces number 94,000. This is just over $18,000 per man. The U.S. defence budget, exclusive of foreign aid, is $51 billion. Its armed forces number 3·5 million. This is just under $15,000 per man.

How about Britain? During the present fiscal year, that country will spend $3·9 billion on defence. She has 850,000 men under arms. Thus, her cost per man is just over $4,500. Australia's defence budget this year is $300 million. With forces of 50,000, her cost per man comes to $6,000. Belgium's forces total 140,000, with a defence budget of $460 million; slightly over $3,000 per man.

It is true, of course, that the emphasis in Canada's defence program is on the air force—most expensive of all services. Our cost there runs around $25,000 per man. But Britain seems to manage it on slightly under $5,000 per man. As for the army, Britain gets 440,000 men for her $1·4 billion—slightly less than $3,500 per man. Canada gets 48,000 men for her $532 million—slightly more than $11,000 per man.

It is also true that Canada labours under the handicap of her relatively small population; and hence her relatively small armed services. A nation numbering its troops in the thousands will naturally have a higher per-man cost than one which numbers them in the millions; which has the advantage, so to speak, of mass production.

But the fact remains that our per-man cost is markedly higher than the American; three times as high as the Australian; four times as high as the British; nearly six times as high as the Belgian.

This newspaper does not argue that a per-man cost of $18,000 is unjustified. It can be justified—but only in one way. We are only justified in having the most expensive troops in the world if they are best-trained, the best-equipped in the world. We are only justified in paying the top price if we get the top return from it. Are we, in fact, getting the top return? Are we getting our $18,000 worth?

The fact is that we are not. We have none of the tanks which make the British divisions the hardest hitting force in western Europe today. The best we could put into western Europe, or into Korea, was infantry—well-trained, and efficient, but not expensive. The story of our air force does not need repeating. Whatever may be the deficiencies of the British, the Americans, even the Belgians, they are ahead of us. These being the facts, what has been done with our money?

That is very indicative of the thoughts of many of the taxpayers of Canada today.

It has been pointed out also by the hon. member for Greenwood in his discussion of the defence department that there was an item of some $4,890,000 for telephones, telegrams and communication services in a year. That seems out of all proportion. There are huge sums spent on government travelling and removal expenses, and many millions are spent on the publication of departmental reports and general publicity in that way.

The parliamentary assistant to the Minister of Finance (Mr. Sinclair) spoke to the house, and is reported at page 1530 of *Hansard* as having said:

Where, in the world today, is there any country whatsoever with a sounder economic position, a better fiscal policy, better development, or a higher level of employment than this country of Canada under the present Liberal administration?

He implied that everybody should be very happy in this country. Well, Mr. Speaker, I, like many other people, for many months past, have been very worried and concerned about the general plight of agriculture from coast to coast in this country of ours. I can tell you that many of these farm people are greatly worried, and in my opinion have reason to be so worried. In many cases the beef producers are without a market, and with the announced floor of from 7 cents to 10 cents a pound below the market of some few months previous many people are now out the value of feed and labour during the winter months, along with a further loss of cattle values.

This has been a very serious business in respect to them. They have been greatly aggravated by the disastrous outbreak of foot-and-month disease. I am sorry to hear of the recently announced outbreak in various

other areas. It is certainly playing havoc with the beef industry of this country and with our general economic situation.

The Winnipeg *Tribune* of April 23 carried the following:

> City packing house executives state that they cannot take the financial risk of paying floor prices for cattle, when Ottawa gives them no guarantee against loss.

This was written some days following the announcement of the Minister of Agriculture (Mr. Gardiner) that these floor prices were now in operation throughout this country. I can tell you that there were several very unsatisfactory days in the St. Boniface stockyards adjoining Winnipeg.

There was a floor price of $22.80 per hundredweight announced for good steers, and a floor price of $24.50 for grade A hogs. But the price being paid in Winnipeg yards for heavy hogs and sows has been approximately 14 cents. That is a very great difference, and it is creating great hardship for those producers in the matter of marketing their hogs.

The cattle market has been at a stalemate for several days, with no sale whatever for certain grades of cattle. We had the plight of the poultry producer, and an unsatisfactory price for eggs. The plight of the dairy producer, and especially that of the cheese producer, with no market for their products, has been referred to. If there is a floor provided for hogs, for poultry and for other products, the cheese producers of this country are every bit as much entitled to a floor price during these very difficult times.

It has been pointed out in this debate that Canada's farm population of some 450,000 are dependent on receipts from the dairy industry as a source of income. It contributes more than $600 million to our national commerce. As was pointed out by the hon. member for Lanark (Mr. Blair), a large area of Canada is peculiarly suited to this form of farming, and it requires years of labour to build up a good dairy herd. The present situation in the dairy industry constitutes a national emergency. The outbreak of foot-and-mouth disease that I have referred to has resulted in the loss of the United States of America market for dairy cattle, as well as for beef. The traditional United Kingdom market for cheese is lost, and there is a quota imposed by the United States of America against Canadian cheese.

The government have announced the policy of support prices for certain agricultural products which, as I stated, is also applied to the cheese producers. The apple producers of this country are facing loss of markets. Then we have the western wheat producer who has subsidized the consumers of Canada and of the United Kingdom by several hundreds of millions of dollars during past years, and they are still continuing to do so.

There is the matter of the international wheat agreement and the policies of this government which have been responsible for this. While we have been urging the government for some years that the domestic price of wheat should be different from that prevailing under the international wheat agreement, nothing has been done. Again I want to appeal to the responsible minister and to the government that there should be a different price for the domestic wheat of this country.

On April 16 at North Portal, North Dakota, the American farmer was receiving $2.09 a bushel for his wheat, while across the street at North Portal, Saskatchewan, the Canadian farmer received $1.43½ per bushel for a like grade of wheat. In the United States of America the federal treasury subsidizes the farmer for the prevailing difference in the market price and the price under the international wheat agreement. According to the Searle Grain Company research department, this will cost the United States of America taxpayers around $600 million during the term of this international wheat agreement. While we have lost many of our best agricultural products, the price of our products is rapidly decreasing, the cost of production is still increasing. The cost of farm machinery increased during the year 1951 by over 14 per cent, and further increases are expected. Farm wages are at an all-time high, and still rising.

The hon. member for Haldimand (Mr. Catherwood) pointed out the fact that we at one time enjoyed a splendid market for many of our agricultural products in Britain. In 1938 we supplied 27·5 per cent of the total British imports of barley. This market is now entirely lost to Russia. In 1938 we supplied 93·9 per cent of the total British imports of oats, and this market is lost. In 1945 we supplied 43 per cent of the total British imports of beef. This market is lost to the Argentine. In 1945 we supplied 83 per cent of the total British imports of bacon. This market is lost to a very great degree. In 1945 we supplied 31 per cent of the total British imports of cheese. There has been a great loss of this market. In 1947 we supplied 18 per cent of the total British imports of poultry. We have lost this market chiefly to iron curtain countries such as Poland and Hungary. In 1948 we supplied 79 per cent of the total British imports of eggs. That market is completely lost.

These figures indicate, Mr. Speaker, that we are facing the most serious financial and trade crises in our history, and it is a dark picture for Canadian agriculturists during these times. With Canada being the only dollar member of the commonwealth our markets have been practically erased. This party has asked the government to initiate a trade and economic conference of members of the commonwealth, but up to the present that request has been refused. It is most important that to some degree Canada should regain its traditional markets for primary products. Our loss of markets has brought about a situation that strikes at the very roots of the agricultural economy of Canada.

As already set forth by the hon. member for Annapolis-Kings (Mr. Nowlan), Canada is short of tanks and planes. The British Centurion tank is considered one of the best of its type in the world and it sells for much less than other types. The British Canberra bomber is so good that the United States are making it for themselves. Our armed forces are very ill-equipped and if Canada for the time being were to buy Centurions and Canberras in some quantity the British would have dollars with which to buy Canadian agricultural products.

I urge the Minister of Trade and Commerce (Mr. Howe), who is also the Minister of Defence Production, to do something about this. I think the minister should be able to work out some scheme which would be beneficial both to the armed forces of this nation and the agricultural producers of Canada. I trust the government will endeavour to take some action such as this.

Before closing I should like to make some reference to this dreaded foot-and-mouth disease. I was surprised at what took place in this chamber yesterday with respect to a motion that had been passed previously by the house. I know the matter is to be discussed by the standing committee on agriculture, but that committee has not yet been convened. While I am anxious to get to the bottom of the cause of the great delay in taking action once the disease was first discovered I want to make it clear that I do not want to be responsible for keeping these veterinary officials away from that area in Saskatchewan while the matter has not yet been cleared up. The committee is to be convened tomorrow to investigate this serious matter. I think this is one of the most serious things that have struck this nation in its entire history. We cannot begin to predict its effect upon our economy. While it has been decided to place the matter before the agriculture committee I think we should be most careful to see that the services of these officials are used to the best advantage in trying to stamp out this disease.

When the minister made his announcement that the disease was under control I sincerely hoped that he was right, but I along with others said that we must keep our fingers crossed until the first few weeks of spring had passed. The new outbreak has occurred during the last few days and I sincerely hope that this will be checked as soon as possible.

I should like to have the minister point out in more detail how the floor price on beef is to operate. I have before me the last copy of the *Manitoba Co-Operator* which contains an article headed "Who Benefits?" and which reads:

> In the March 27 issue of the *Manitoba Co-operator* an editorial appeared, entitled "Ten Provinces—Eleven Problems." A suggestion was made that it was imperative in the interests of the livestock industry of Canada to remove all provincial embargoes and turn the problem of dealing with the foot-and-mouth disease entirely over to the federal government, whose sole responsibility it was in the first place.
>
> Livestock markets in western Canada are still chaotic and will no doubt remain so until all interprovincial embargoes are removed. With the United States market closed and with our present level of livestock production in Canada, it is unlikely that the domestic market will absorb all that is offered for sale in the next few months, unless the retail price drops to a corresponding level of that for live cattle.
>
> It is interesting to note that one large retail outlet in the city of Winnipeg quoted blade rib roast of beef at 63 cents per pound on February 25, the day that the outbreak of foot-and-mouth disease was announced. On April 17, the same cut of beef was advertised at 62 cents per pound. In spite of this, cattle have dropped nearly five cents per pound in that time. The question farmers would like answered is, why have not retail prices been reduced more than one cent per pound?
>
> The recent announcement from Ottawa that a support price for cattle has been established at 25 cents per pound basis Toronto for good steers (dressing 53 per cent defatted or 55½ per cent fat in), has been met with criticism from farmers. In order to determine the dressing percentage cattle must go to packing plants for slaughter prior to establishing the price. This means that carcass grading for cattle has been foisted on the unsuspecting farmers much as carcass grading for hogs caught them unawares a number of years ago.
>
> The support price applies to four classes of cattle —choice, good and medium steers and heifers, and choice cows. At the time of going to press, no announcement has been made as to the price differentials at the St. Boniface market.
>
> As far as can be determined, the support price does not necessarily mean that cattle will be bought at that price. In our opinion, it actually means that the federal government guarantees to buy any surplus stocks of beef from packing plants at the equivalent of that price. At present prices for cattle at St. Boniface are three cents below the support price.
>
> In view of the fact that the producer is being blamed for the high cost of living, what the farmer would like to know is who is getting the difference? The consumer is paying nearly the same price for

beef, while the farmer is getting five cents per pound less than he was two months ago, and has little or no guarantee that the price may not go lower.

Can it be that the meat trade has outwitted the government officials, by absorbing the differentials?

This is a most serious situation and I hope the Minister of Agriculture will give more details to the house and to the producers of this country of the operation of the floor price on beef. There has been great dissatisfaction with respect to this as well as with respect to the floor price on hogs. In many instances the prices are not going through to the producers of cattle and hogs. I trust that steps will be taken to clear up the situation as soon as possible.

I make a final appeal to the government to try to work out a scheme to try to hold stable markets for our agricultural products. I have suggested a scheme whereby most useful equipment for our armed forces could be exchanged for primary products.

Mr. J. R. Garland (Nipissing): Mr. Speaker, I am taking advantage of the latitude permitted on the budget debate to make a few remarks concerning housing. I have spoken on housing before in the house, but the present situation warrants immediate attention. This is a very broad subject and tonight I propose to deal with only one aspect of it.

It has been said by this government that housing is considered second only in importance to our defence program and proof of this is contained in the several amendments made from time to time to the National Housing Act.

These amendments were designed to keep our house-building program geared to the maximum that was in keeping with the materials available. There has been criticism of course, but most realize that our defence production program did make heavy demands on men and materials during 1951. However, I think most will agree that the house-building section of the construction industry was not working at maximum capacity toward the end of 1951 or during this past winter. Yet despite this availability of tradesmen and material, there has been a substantial falling off in the construction of new homes.

Why then, with an improving material and manpower situation, are we not getting more houses built? It is not because people do not want them or need them. Nor is it because people cannot afford them. A house can be built today under N.H.A. with a 20 per cent down payment. At this point I might say it has been suggested that the down payment be reduced to 10 per cent. With this I am in accord. However, before this can be done we must rectify the situation which is bogging down our house-building program under the present 20 per cent down payment plan. How can we hope to build more homes with a 10 per cent down payment at this time when we are not building them now with a 20 per cent down payment? Why then, with material and labour available, and with thousands of people anxious to build, is house building under N.H.A. slowly grinding to a halt?

It is because of the reluctance of the insurance companies or, if you prefer, "the approved lending institutions", to make loans under the National Housing Act, and this despite the fact that they can earn 5½ per cent and despite the fact that the government through Central Mortgage and Housing Corporation in effect underwrites their losses. I say it is because they are able to place their funds in shorter term mortgages at higher rates of interest. There are those who believe it is quite in order that the lending institutions should place their money, or perhaps I should say their policyholders' money, with the highest bidder or, in other words, extract all that the traffic will bear. To this I take exception. I believe these companies, which after all are only custodians of their policyholders' money, have a responsibility in this matter which so directly affects the welfare of our people. I do not believe these companies should take advantage of our present buoyant economy and discontinue lending under the National Housing Act simply because they are able at the moment to make loans to private home builders up to only 50 per cent of the value and on shorter terms.

It has been suggested that the interest rate be further increased. With this I do not agree. It would only have the effect of increasing the over-all cost of the home. I believe these companies should at least set aside a portion of their available funds for lending under the National Housing Act, and thereby make their contribution toward building a better nation just as every other decent citizen is contributing something at the present time. Such a program would, I am sure, have the support of their policyholders.

I raise this matter because I believe it is tremendously important and urgent now to the country as a whole, and I raise it especially because it affects my own area. I believe these insurance companies or lending institutions are giving northern Ontario a raw deal. Since the last amendments permitting a lower down payment were passed by parliament in October, 1951, only four loans have been made in northern Ontario. There were none in November, 1951, one in December, none in January, one in February and two in March. Of these four loans, one was in Sudbury, one in North Bay, one in Kapuskasing and one in Sault Ste. Marie. Imagine only four loans in all northern Ontario in the past

five months! This is despite the fact that they wrote millions of dollars' worth of insurance in every city, town and hamlet throughout northern Ontario.

This brings me to another aspect of the situation, namely, that all these millions are being drained out of northern Ontario and invested in certain selected areas of southern Ontario. Our own money is being used to build up better housing in southern areas to compete further with our northern Ontario centres. I am also informed that these companies are pursuing a policy of lending only to select risks in certain areas of these southern centres. In other words, they are just skimming off the cream.

It has been further suggested to me that these companies are permitted to use their own discretion as to where housing is needed and as a result are lending only in certain areas. I should like the minister to clear up this point. Surely such a policy cannot be condoned by the government when we need a program that will build homes in every community across the nation. I would urge the government to call a conference immediately with these lending institutions through the appropriate channels, get this phase of building under the National Housing Act under way again, and insist that the companies earmark a reasonable portion of their available funds for this purpose.

I would further urge that if this co-operation is not forthcoming the government should then change its policy and should expand the facilities under section 31A which permits direct loans. I admit that I do not favour the federal government becoming a large-scale landlord, but I feel the present situation demands immediate attention. I believe, if the government points out to the lending institutions their responsibility at this time, together with the suggestion that the government is prepared, if necessary, to enter this field itself, that then and only then will our housing program be resumed, and then and only then can the minister say, as he has said on previous occasions, that the lending institutions are playing their traditional role in this field. By such action as I have suggested we can make sure that all our people have the opportunity, if they so desire, to build under this plan.

Mr. J. W. Murphy (Lambton West): Mr. Speaker, I listened with interest to the hon. member for Nipissing (Mr. Garland), and I have no hesitation in saying that what he said was certainly factual and, unfortunately, only too true. I agree entirely with the earlier part of his speech. I think the only part I disagreed with was when he said so much of the money these insurance companies were draining out of northern Ontario was coming into southern Ontario. I can tell him that we have the same complaint in western Ontario as the hon. member so ably described in the few short minutes he took up tonight discussing this very important subject.

I have for a number of years concerned myself with the question of federal taxation and its relationship to crown corporations and municipalities in this country. I am glad that the government has gone part way, at least, in recognizing the seriousness of this situation growing up within our economy, and that today we have the Abbott or government formula as laid down for crown companies, which is quite satisfactory. I am also glad that the government has taken the step it has in the way of grants in aid to municipalities, where federal property constitutes 4 per cent or more of total assessments. Beneficial and all, however, as this change may be, no one, I am sure, agrees that the problem has been satisfactorily met.

Twelve years ago in this country the federal government took 49 cents of every tax dollar, leaving 51 cents to the provinces and the municipalities. Today, the federal government absorbs 73 cents out of every tax dollar, and the remaining 27 cents leaves the municipalities and the provinces to get along as best they can. While this whole question of federal, provincial and municipal taxation warrants considerably greater study than has yet been afforded this problem in view of its gravity, the immediate question is what can and should be done to assist financially pressed municipalities, and we find those from coast to coast.

The present tempo of development and industrial expansion in this country has created for many municipalities problems with which they are unable to cope. Increased demands for educational costs, services for housing and numerous other requirements are today bringing the burden of municipal taxation to the point where that long-cherished hope of owning your own home is being questioned.

The present policy of the government of grants in aid to municipalities is reserved to those areas where federal property exceeds 4 per cent of the total assessment. In my opinion, all federal property should be subject to regular municipal taxation, and I urge the government to give consideration to this problem at the earliest opportunity.

I listened with interest to the Minister of Finance when he presented his budget in this

house on April 8 last, and I was impressed with the marked similarity between this budget and the one presented in the pre-election year 1948. I have since re-read the minister's budget presentation of 1948 and also his presentation in the pre-election budget of 1949. In the pre-election budget of 1949, when the minister announced sweeping tax reductions right across the board, he had this to say at page 1795 of *Hansard*:

. . . I feel the time has now arrived when this parliament should enact some further substantial reductions in taxes. The increasing flow of goods available for sale to consumers without higher prices makes tax reductions economically feasible. The prospective surplus of revenue over expenditures, in the absence of tax changes, and even of a substantial cash surplus over our requirements for income and investments make tax reductions financially feasible. The reduction of more than $1,600 million in our net debt made in the last three years has put us in a position now where we may prudently give consideration to further tax reductions. Finally, sir, I should say, that I have been led to believe in recent months, as no doubt other hon. members have, that most of the Canadian people would support and even welcome an enlarged measure of tax reductions this year.

Those were the minister's words. Compare the situation then with the situation now. Economically feasible then, because of the increasing flow of goods available to consumers, but not economically feasible today when goods are not only available but in many industries are piled up in inventories, causing widespread unemployment. Financially feasible then, because revenues exceed expenditures. That situation is just as true today when we have before this house estimated expenditures which the minister himself admits exceed what the government expects to spend.

In this regard, I do not think the Minister of Finance, any more than the Minister of National Defence, can do more than say "We think this vote adequate for what we may require." The record of the past few years has conclusively proven that defence expenditures have been overestimated. This, combined with continuing high revenues exceeding estimates, has resulted in surpluses far exceeding estimates given to this house. Reductions prudent then, because since the war we had reduced the public debt by $1,600 million. Surely this reason is just as valid today, when we have reduced the public debt by $2,344 million, as it was in 1949.

The fourth reason given by the minister at that time was that the Canadian people would support and even welcome an enlarged measure of tax reduction. On April 8, when the budget was presented to this house at page 1260 of *Hansard*, Minister of Finance told us that—

Unless conditions at home exceed my generous expectations, and unless the clouds that overhang the international scene lift more rapidly than we now have a right to expect, my hope for next year is the same as that expressed a year ago, an expectation of no increase in tax rates, but not much likelihood of substantially lower rates.

A week later however, speaking to the voters of this country in a "Nation's Business" broadcast over the C.B.C. national network, the minister had an entirely different story, when he said—

I hope that before too long the international situation will make it possible to make some bigger tax reductions than we have been able to make this year.

Just what happened in the international scene during that week that warranted this change of assurance to the Canadian voter has never yet been explained by the Minister of Finance. This similarity of factors and apparent predication of reasoning to suit the circumstances leads me to believe that if there ever was a time when estimates should be gone over with a fine toothed comb, it is this year. I hope the government will see fit to afford parliament the opportunity to do this, instead of the usual practice of voting millions a minute in the dying days of parliament.

I want to discuss another matter, Mr. Speaker, the gravity of which is increasing year by year, and which constitutes a problem which I think warrants top-level consideration by the federal governments of this country and the United States. I refer specifically to the increasing damage as a result of high water levels in the great lakes system, and the inadequate action taken by responsible governments to meet this situation. Personally I am in favour of the St. Lawrence waterway development, but I am not carried away with the idea that this will be accomplished at an early date, or even undertaken within the next year or so. In the meantime, and as part of any St. Lawrence waterway development consideration must be given to the disastrous effect of rising water levels in the great lakes system.

I do not intend on this occasion to reiterate the extensive damage that already has been caused, other than to point out that in my own constituency valuable lake shore property has been damaged severely and it has been necessary to move and rebuild a lake shore road on three different occasions within the last twenty odd years, always in the expectation that this action would be adequate, only to find that the problem was becoming worse. Press reports would indicate damage in the millions in various other parts of the province of Ontario, and I think this government is well aware of the serious damage already done.

The suggestions I propose to make to this house today have been considered in line with the possibility of the eventual St. Lawrence waterway development and would, in my opinion, fit into such a scheme.

The great lakes, having a surface area of over 95,000 square miles and a drainage basin of approximately 298,000 square miles, are the headwaters of the St. Lawrence river system. In comparison with other large river systems, the vast storage capacity of these lakes causes an unusual stability in the system, reducing fluctuations in level and eliminating floods in the main river, and makes possible some sound measure of control over lake levels. But I agree that any plan to accomplish this purpose must be long range, and any overall plan would require some years to be fully effective.

An examination of the United States lake survey record of monthly mean stages of the great lakes, which extends back over a continuous period of 91 years, reveals that the extreme range in stage experienced by any of the lakes during this period is 6·33 feet, and that occurred in lakes Michigan-Huron. The range experienced by the other lakes during the same period is 4·07 feet in lake Superior, 5·08 feet in lake Erie and 6·29 feet in lake Ontario.

With the permission of the house, Mr. Speaker, I would like to place on record a graph of water levels on the great lakes, prepared by the corps of U.S. army engineers, and recording the fluctuations in water levels over a period of 91 years, up to and including 1951. I believe this graph material would be of immeasurable value to members of this House of Commons who, like myself, are concerned with this problem.

Mr. Deputy Speaker: Has the hon. member leave to have this graph appear in *Hansard*?

Some hon. Members: Agreed*.

Mr. Murphy: There are a number of factors, both natural and man-made, that cause the levels of these lakes to fluctuate, and I propose to deal with some measures which I am reliably informed would be very effective in reducing lake levels and controlling lake levels. A little later I intend to deal with—

1. The water coming into lake Superior.
2. Control of lake Superior water coming into the lower lakes.
3. The Chicago diversion.
4. The Welland canal.
5. The Trent canal.
6. The deepening of the Welland canal, if feasible, or an additional by-pass.
7. Blasting of the rocks at Galop, with a control system at Iroquois.

If the supply to the system and all the factors which affect it were uniform and forever constant, the lake levels would not change. However, this ideal condition is not the case. The weather, which produces the supply, is very changeable. Precipitation irregularities in the various lake basins are the primary cause of the variations in the lake levels, and I realize that the relation between precipitation and lake levels is a complex one which has not been fully determined. The lakes reach minimum stages in the winter. During the spring, when the precipitation which has been accumulated on land areas during the winter is released, the levels rise and reach maximum stages usually in the summer. This spring we have unusually high water, and I understand that lake Huron will be approximately a foot higher by July.

The record shows that these levels fluctuate from year to year, as is apparent from this 91-year graph. These fluctuations are due to periodic changes in the precipitation quantity and distribution, but the relationship is not a direct one but is modified by several factors. Precipitation during the summer has but little effect upon lake stages, a large percentage being lost by transpiration from growing vegetation, and I must say here that in conjunction with any proposed plan, reforestation should be a major project. It would not only help in conserving moisture, but on its own, would become a valuable asset to the country. The spring and fall rains have the greatest effect upon the levels, and I am informed a succession of years of excess precipitation is necessary to cause high lake levels, and for that reason engineering projects to lower lake levels are sound. I agree that it is impossible to predict lake levels more than one month in advance.

There are several factors which affect the levels of the great lakes. I mentioned changes that could be due to the projects of man, such as diversions of water into and from the great lakes basin, and changes in the outflow, which could be obtained by navigation channel improvements. I have in mind the blasting of a channel at Galop, with a control system at Iroquois, and I am told that the level of lake Ontario could be lowered some three or four feet and maintained at or near that level.

We in Ontario are also concerned about the levels in lakes Huron, St. Clair and Erie, and we appreciate that much of this water must

*(*Note: The graph referred to could not be reproduced in the form submitted.*)

come into lake Ontario, but as I said a moment ago, the level of lake Ontario could be lowered as part and parcel of the St. Lawrence seaway scheme.

In Canada there are two separate diversions of water into lake Superior from the Hudson bay drainage basin. We have the Long Lac project, which began in 1937. In 1941, the development of power began in this project, and according to the records, through 1950 the average diversion was approximately 1400 cubic feet per second. The other diversion is the Ogoki project, which began in 1943, and the record for 1950 indicates an average of 3600 cubic feet per second.

These two diversions add 5000 cubic feet per second to the supply of lake Superior. I now submit that the locks from lake Superior could be used to control the flow into lake Huron, permitting increased flow at periods of low water level.

The effect of these two diversions has been to increase the stages of lake Erie and lake Ontario by about 3 inches, and the stages of lake Michigan and Huron by about 4½ inches. I now go to the Chicago drainage scheme. At Chicago water is diverted from lake Michigan into the Illinois water shed, which is part of the Mississippi river drainage basin. In 1900, the sanitary district of Chicago started diverting water from lake Michigan at the rate of 3000 cubic feet per second and increased it to a little less than 9000 cubic feet per second, and when this maximum increase was used, the Supreme Court of the United States, on April 21, 1930, ordered that the diversion be reduced to 3100 cubic feet per second.

It would appear from this data that if the Chicago scheme would take a full 9000 cubic feet per second, it would mean a lowering of lake Huron-Michigan level by 12 inches or more.

Since 1829, Canadians have diverted water from lake Erie through the Welland canal into lake Ontario for navigation and power purposes. Since 1939 this diversion is at the rate of approximately 5900 cubic feet per second. It seems to me that this canal should remain open during the winter season, and if this is not sufficient diversion, I am suggesting that the Welland canal be deepened to increase the diversion, or in its alternative, another canal with locks be constructed to take off this surplus water, and at the same time provide hydro power.

I noticed the other day a speech made by one of the greatest authorities in Canada, Mr. Grant Lindsay, which indicated consideration was being given to the deepening of the Welland canal.

Although I am one who is of the firm belief that it is only a matter of a few years before we have hydro developed by atomic power, I am informed that we should have another 6000 cubic feet per second going over or around Niagara, and thus control and maintain a lower level than we now experience in lake Huron, lake Erie and lake St. Clair. I do not know the amount of water going from the lake Huron basin through the Trent canal into lake Ontario. It would be necessary to know this to assess the over-all picture, but I am wondering if, in the study of these problems by those capable of doing so, the Trent canal could not be made a greater factor than it is today to divert water from lake Huron into lake Ontario.

I understand that the fact of a diversion of 5900 cubic feet per second from lake Erie through the Welland canal decreases the stages of lake Erie by about 3½ inches, and this in itself is no small consideration.

Many people affected by the high levels of lake Ontario might be concerned about the additional water coming into lake Ontario, but I think that a blasting of a channel through the rapids, as I indicated before, with a control system at Iroquois, could lower the level of lake Ontario to any desired level.

I think it is generally recognized now that the damage is so great, and likely to be still greater, that governments on the highest level must recognize their responsibility. I am sure that our friends to the south must also realize the seriousness of the situation, and I think the lowering of lake levels and international waters is a matter of prime importance to the governments and the peoples of both countries.

I emphasize again that much of this work could be undertaken as part and parcel of the St. Lawrence waterway scheme, and thus not be a duplication of expense.

I understand that an international control board has recommended that the quantity of water allowed to flow from lake Superior into the lower lakes shall be reduced by 7,000 cubic feet of water per second, and that this recommendation will be sent to the joint international board for final adoption.

I think, in reviewing the whole aspect of this serious situation, each idea must be examined, if implemented, in order to ascertain how much it will reduce lake levels and how long it would take for such reductions. This would then permit all those concerned with lake levels to govern themselves accordingly.

It seems to me we must realize that the works of man have aggravated the present situation, and that it is the power of man,

through the higher levels of government, to do something constructive now. I think it is most important that the Canadian and American authorities exercise their intelligence and resources to lessen the flood danger.

Mr. Speaker, I would suggest in conclusion that it is entirely possible by undertaking most of the projects I have outlined that the level of lake Ontario could be kept at or near 245 feet above mean tide at New York, and that the level of lake Huron could be held at or near 579 feet above mean tide at New York. This would be several feet lower than the present high level, and still be not as low as the graph shows the levels to have been in some years. I think it is agreed that we cannot take any action that is going to lower lake levels lower than they have been according to this graph. In the main, action that must be taken must be with the idea of maintaining as nearly as possible a constant level. By doing this we would no longer face the terrific losses we now experience or the danger of even greater losses in the future.

Mr. G. F. Higgins (St. John's East): Mr. Speaker, I have not heard all the speeches on this particular motion, but the ones I have heard have been excellent and very much to the point. Possibly some of my remarks may not be altogether in point. Before I get to the ones I wish to make, I have a few comments to make dealing almost exclusively with my own province, in a way.

I had the privilege of making the first flight on the new North Star service instituted on Sunday last. I want to congratulate the minister responsible and to thank him for the institution of that service. As far as I was concerned, it meant cutting the time taken in coming to Ottawa at least in half. As an example of what I mean, may I say that I left Torbay airport at 3.30 and arrived in Montreal 6½ hours later, having had two stops of 20 minutes each. There is only another hour between Montreal and Ottawa. When you look at the train time, Mr. Speaker, as we have had to look at it since coming here, and realize that it is anything from 4½ days to 5 days—

Mr. Stick: Seven.

Mr. Higgins: As my friend and colleague, the hon. member for Trinity-Conception (Mr. Stick), says, the last time we travelled together it was 7 days. This new service has made a wonderful difference. So if it is the magic carpet of the Minister of Transport (Mr. Chevrier) in the case of the North Star, as far as that is concerned, I feel it is well justified that it exists. I want to thank him, and I feel quite certain that the service is going to be patronized to the extent that he would want it to be patronized. I am not going into the merits or the demerits of the particular aircraft. I understand that subject has been discussed here on former occasions and I do not think I should rehash it tonight. However, I want to make one comment in connection with the meal services, and I think it is one that should be made.

Mr. Stuart (Charlotte): And the liquor?

Mr. Higgins: As to the liquor, I think you had better carry your own, as far as I can see; and I am still able to carry it.

The point I wanted to make is this. The DC-3's, the other aircraft flying out from Montreal, provide a meal service and there is a considerable contrast between the meal service provided in the North Stars and that provided in the DC-3's. Quite a number of people will continue to use the DC-3's because of the number of flights per day from Montreal. I am referring not only to people who are travelling to Newfoundland but to those who are travelling all over the maritime provinces. From these meals they get a bad impression of the service provided by T.C.A. I am not casting any reflection—nor do I intend to do so—on the personnel of T.C.A. in any way. I do not think you can better the personnel, but I think you can better the meals considerably on the DC-3's, trans-Canada. I have had that complaint made to me by outsiders; and when I speak of outsiders I mean Americans and tourists. I think we should make every effort to try to have meals that compare with the meals provided by American air lines and by our own North Star. I say that not in any carping spirit but with the idea of attempting to make constructive criticism. I also understand that there is going to be a new form of silencer applied to the North Star, or a new muffler system. I think that would be a great help indeed. At the present time the noise is practically deafening and except for the fact that the service is so fast that one puts up with it, really you would not take it from choice. I pass that suggestion along in the spirit merely of constructive criticism.

One other point that I think might be borne in mind is from the point of view of people who may be nervous when travelling in aircraft. If it could be provided in some way or another that these flaming exhausts would not be stuck up in the passengers' faces, I think that might be a good idea as well.

Going from aircraft to landing fields, may I say that when Queen Juliana arrived at Gander, a desolate picture was painted of her landing and of her quarters at Gander itself.

An hon. Member: Colonel McCormick.

Mr. Higgins: Don't get me started on that man McCormick. I believe Your Honour has already called me to order on that subject. If I start on it again, I might go too far.

I was speaking of the time that Queen Juliana arrived at Gander airport and of the description which was broadcast of her arrival and which was publicized in the various newspapers. It gave an extremely bleak impression of the quarters provided for travellers at Gander airport. It is all very well to say that no reflections are cast on the place that gives hospitality in such a case, but there really is a grave reflection. When one has the queen of any foreign country described as being quartered in a room that has no floor covering, that has no toilet arrangements of any kind, and that is small, it is bound to cast a reflection. I therefore say in all sincerity—and remember, I am not putting any blame on the Department of Transport or whatever department is concerned, because that is apparently the way that most airports are run—that there should be set up some quarters that might not be used always, that is, they might not be used by any Tom, Dick or Harry.

It is not every day that you have these special people coming here, and I think there should be some quarters set aside that could be used on such occasions as that. It is not a costly business, but it would make all the difference between getting bad publicity and getting the kind of publicity that Canada deserves. I do not think that the queen said anything about it, but I am quite certain that a great number of other people did. We do not want that to happen again. That is just another angle.

I am sure the minister will now follow me in most things that I say as well as he has in the past. The most important thing that I wish to speak about tonight is this; and again it is something that is almost local, but it is practically international, Mr. Speaker. Unfortunately I did not have the answer given me this afternoon because of the enforced absence of the minister who had to attend a meeting in another part of this building. I refer to the operation of a radio station by the United States air force in Newfoundland. To those of us who live within the radius of that station it is most important to have this particular station continued in operation. The terms of its operation are, I understand, that it may be operated by the United States air force until six months from the time that formal peace has been signed with Germany. It has been in operation from the beginning, from the time when the United States forces first came into Newfoundland, and it has given wonderful service and entertainment to the people within its radius. I suppose the chief kick that I have heard is this and I am sure that it has been heard not only by me but by all the members from Newfoundland. It has appeared in all our daily papers; it has been broadcast. I know that I for one was buttonholed very often before coming to Ottawa this time. The real worry that the baseball fans have is that this station broadcasts ball games, and it is the only station that does, and that the people down there, the Newfoundlanders and the Americans, who live off the base are not able to hear those programs.

I do not know where the blame rests. It has been passed to various places. I have heard the department of the Secretary of State for External Affairs blamed, but this morning in the committee he disavowed any such blame. As I understand it, it is not the Canadian Broadcasting Corporation. I have not had an answer from the Minister of Transport (Mr. Chevrier), but I expect the answer will be that it is not his doing. Where the blame rests I do not know. If the facts are as we have had them outlined in many letters in the Newfoundland press and by many private individuals, the blame would appear to attach to the proprietors of a recently incorporated company that operates a broadcasting station. Unfortunately that broadcasting station—and I do say this, I suppose, in a spirit of criticism—is not unfavourably inclined to my hon. friends opposite. Protests were made before the licence was granted to this particular station. At the time it made its request to be given the right to operate, it stated very definitely that there was lots of room for another station in Newfoundland. As a result of that appeal they were given the right to operate.

Now, I understand—and I understand on authority that I am satisfied is reliable—that one of the proprietors of that particular station, the chief proprietor, went to the American general commanding and told him that his station was not able to stand the competition of the American station, and by other and divers means, whether there were threats or not, Mr. Speaker, I have not been able to ascertain—one does not approach an American general and say, "Tell me the whole story"—but for whatever reason, the station has been put off the air. I do hope very sincerely and honestly, and I am sure my colleagues from Newfoundland will express the same wish—

Mr. Stick: Hear, hear.

Mr. Higgins: I hear, "hear, hear" in agreement. I am sure that the hon. members opposite will also voice the same wish. This station has given us so much pleasure, and

has given all our people so much pleasure, that whatever steps have to be taken to see to it that the American authorities are reassured that we wish them to continue their broadcasting should be taken. I hope those steps will be taken.

My idea is that they do not wish to offend Canada in any way. It has been suggested to them that by continuing operations as they are they may offend Canada, and for that reason they have stopped. We have to remember—and I am speaking now in the broad sense—that in so far as the United States forces in Newfoundland are concerned, they are possibly the largest industry in the matter of getting money to our people. We must recognize it as the very first great industry we have.

Speakers from Newfoundland on the other side of the house, not only the hon. member for Trinity-Conception (Mr. Stick), have enlarged on this particular matter recently. I would not like anything at all to take away the good feelings that exist at the present time between our American friends and the people of Newfoundland. This may very well do so, because, as I say, there are a considerable number of American personnel and their families living off the United States base, and they cannot get these programs. Moreover, the base at Argentia is also dependent on the programs coming from Pepperrell air force base as well. For that reason, Mr. Speaker, I do hope that whatever minister is concerned, whether it is the Minister of Transport, the Minister of National Revenue (Mr. McCann), or the Secretary of State for External Affairs (Mr. Pearson)—I would even ask the Prime Minister himself (Mr. St. Laurent)—will take a hand in this particular matter because it goes a little further than that. It means good relationship between the newest part of this dominion and our great sister country on the other side of the border. It means very much more than just merely asking that Newfoundlanders will hear the ball games; I can assure you of that.

On motion of Mr. Higgins the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Mr. Speaker, we will proceed with the debate on the budget on Wednesday and Thursday, but tomorrow we will first take up the resolution of the Minister of Resources and Development (Mr. Winters) to set up a special committee to consider the operations of the national film board. I think that is about all.

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

HOUSE OF COMMONS

Wednesday, April 30, 1952

The house met at three o'clock.

DEFENCE EXPENDITURES

REFERENCE IN SPECIAL COMMITTEE TO PERSONAL ASSISTANT TO LEADER OF THE OPPOSITION

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, I rise on a question of privilege with respect to a matter that has come to my attention since the house met yesterday. I find that the chairman of the committee on defence expenditures made reference at a meeting of the committee to the announcement that had appeared that Mr. Vernon Kemp had been appointed my personal assistant. He drew from that certain inferences which I think were wholly unjustified and very improper.

I might say that Mr. Kemp, as I think the hon. member for Spadina should well realize, had been discussing this matter with me for some considerable time before the incidents occurred at Petawawa. What I am objecting to particularly are the words used by the chairman of the committee—

Mr. Sinclair: On a point of order, is it in order for the hon. member to refer to the proceedings of the committee at the present time?

Mr. Drew: —in referring to this subject.

Mr. Speaker: Order. A point of order has been raised. I did not raise it myself as there appeared to be no disapproval of the leader of the opposition discussing in the house what took place in the committee.

Mr. Fulton: He is discussing a report in the press.

Mr. Drew: I am not discussing procedure in the committee; I am discussing the newspaper report. I am discussing the fact that in reference to this appointment the chairman of the committee used these words, that it was a part of Drew's gestapo.

Mr. Speaker: Order. I am afraid I cannot allow—

An hon. Member: Steamroller.

Mr. Speaker: —a discussion at this time of what took place in the committee, whether a newspaper report is involved or whatever it may be. If the hon. member objects to the newspaper report he can raise his question of privilege in the committee but not in the house.

Mr. Drew: Mr. Speaker, I am not a member of the committee, and I am referring to something that is definitely a matter of privilege. I have stated what I wish to state—

Some hon. Members: Order.

Mr. Drew: —and I am making these remarks with the expectation that the hon. member for Spadina, who I believe will wish to do so, will indicate that these words were not intended in the manner in which—

Mr. Sinclair: What words?

Mr. Drew: —in which they were spoken, because the hon. member for Spadina on many other occasions—

Some hon. Members: Order.

Mr. Drew: —has indicated that he would not wish a matter of that kind to stand in that way. I am referring particularly to the term, "Drew's gestapo".

Mr. Croll: If I am in order, and I presume I am—

Mr. Speaker: The proceedings have not been in order. The matter should not be raised in the house. It should have been raised in the committee. However, it has been raised in the house, and if the hon. member wishes to speak at this time I will not object.

Mr. Croll: To clear up the matter, I want to assure the hon. member and the house that no reflection was intended upon the hon. member.

Mr. Drew: Mr. Speaker—

Some hon. Members: Order.

Mr. Speaker: I think we should endeavour to keep our proceedings regular. I am sure the leader of the opposition could go to the committee and state his objection there. I cannot permit it to be done here because the house does not know what the hon. member is discussing. I do not know what he is discussing, and there is nothing before the house. I think the hon. gentleman will agree that the objection to what took place in the committee should be made before the committee.

Mr. Drew: Since you have said you thought I would agree, Mr. Speaker, I may say I do not agree. I think this is the proper place to raise it.

An hon. Member: Study the rules.

Some hon. Members: Oh, oh.

Mr. Speaker: Order. The leader of the opposition has said he thought this was the proper place to present his objection and for that reason he presented it. My ruling is that it is not the proper place, that it should be presented to the committee.

COMMITTEES OF THE HOUSE

AGRICULTURE AND COLONIZATION—CONCURRENCE IN FIRST REPORT

Mr. A. J. Bater (The Battlefords) presented the first report of the standing committee on agriculture and colonization, and moved that the report be concurred in.

Motion agreed to.

REDISTRIBUTION—CONCURRENCE IN FIRST REPORT

Mr. Fernand Viau (St. Boniface) presented the first report of the special committee on redistribution, and moved that the report be concurred in.

Motion agreed to.

MISCELLANEOUS PRIVATE BILLS—FIRST, SECOND AND THIRD REPORTS—CONCURRENCE IN FIRST REPORT

Mr. H. W. Winkler (Lisgar) presented the first, second and third reports of the standing committee on miscellaneous private bills, and moved that the first report be concurred in.

Motion agreed to.

QUESTIONS

TRANSPORT EMPLOYEES AT CHURCHILL—PAY OR SPECIAL ALLOWANCES

Mr. Thatcher:

What money, if any, was paid in the past fiscal year to civilian employees of the Department of Transport serving at Port Churchill, in the form of special or northern allowances, in addition to regular pay?

Mr. Benidickson: $16,470.07.

FEDERAL GOVERNMENT OFFICES IN SYDNEY, N.S.

Mr. Gillis:

1. How many federal government offices are located in Sydney, Nova Scotia?
2. From whom are they rented?
3. What rent is paid per year by each department?

[Mr. Speaker.]

Mr. Fournier (Hull):

1. Four; Income tax office, unemployment insurance commission, 319 George street.

Fisheries department, transport department; 337 Charlotte street.

2. 319 George street, rented from Mr. Joseph G. Azar; 337 Charlotte street, rented from Mr. M. R. Chappell.

3. $30,562.25 per annum for building at 319 George street; $2,640 per annum for offices at 337 Charlotte street.

COMBINES INVESTIGATION ACT—BREAD-BAKING INDUSTRY

Mr. Diefenbaker:

1. What was the total expenditure, paid or incurred, for (a) legal fees and disbursements; (b) other costs and expenses not included as legal fees and disbursements in connection with the trial of the prosecution of the alleged western flour milling bakers' committee?
2. Are there any outstanding accounts for solicitors' or counsel fees that have not been submitted?
3. Who were the counsel for the prosecution, and how much did each receive?

Mr. Garson:

1. Costs and expenses in connection with the prosecution of the alleged combine in the bread-baking industry in western Canada have been as follows:

Preliminary hearings:

(a) Legal fees and disbursements, 1948-49, $3,516.35; 1949-50, $21,240.09; 1950-51, $212.50; (b) other costs and expenses, including fees and expenses of witnesses, 1948-49, $373.55; 1949-50, $6,666.64; 1950-51, $2,233.60.

Trial of the prosecution:

(a) Legal fees and disbursements, 1950-51, $33,240.13; 1951-52, $22,353.92; (b) other costs and expenses, including fees and expenses of witnesses, 1950-51, $12,566.18; 1951-52, $8,170.43.

2. None, as far as is known, at this time.

3. Counsel for the prosecution, and amounts received (including payments for stenographic and other assistance) were as follows:

(a) Preliminary hearings:

Mr. C. S. Blanchard, Q.C., fees and disbursements, 1948-49, $1,376.35; 1949-50, $13,999.66; 1950-51, $87.50; Mr. H. W. Riley, Q.C., 1948-49, $2,140.00; 1949-50, $7,240.43; 1950-51, $125.00.

(b) Trial of the prosecution:

Mr. C. S. Blanchard, Q.C., fees and disbursements, 1950-51, $19,236.80; 1951-52, $11,174.97; Mr. H. W. Riley, Q.C., 1950-51, $14,003.33; 1951-52, $11,178.95.

CANADIAN MARITIME COMMISSION

Mr. Coldwell:

1. What are the names of the personnel who comprise the Canadian maritime commission?
2. When was each appointed to his present position on the commission?
3. What occupation had each held just prior to appointment to the commission?
4. What are the present duties of each of these officials?
5. What is the salary of each of these officials?
6. What authority does a commissioner have with regard either to the issuing of licences or permits, or with respect to any other matter, pertaining to the shipment of grain on the great lakes?
7. Who are the owners of the great lakes boats operating under Canadian registration which hauled grain last year?
8. What are the names of those boats not registered in Canada, which were licensed or given permission to operate on the great lakes in the grain haul last year?
9. Who are the owners of these boats?

Mr. Benidickson:

1. J. C. Lessard, chairman; L. C. Audette, Angus McGugan.

2. J. C. Lessard, December 13, 1950; L. C. Audette, November 1, 1947, (reappointed November 1, 1951); Angus McGugan, June 10, 1948 (reappointed November 1, 1950).

3. J. C. Lessard, deputy minister of transport (appointment still held); L. C. Audette, foreign service officer, Department of External Affairs; Angus McGugan, manager, Canadian Shipbuilding and Ship Repair Association.

4. To direct the activities of the commission along the lines laid down by the Canadian Maritime Commission Act, 11 George VI, chapter 52.

5. J. C. Lessard, nil; L. C. Audette, $10,000; Angus McGugan, $10,000.

6. None.

7. Abitibi Navigation Company; Beaconsfield Steamship Limited; Canada Steamship Lines Limited; Colonial Steamships Limited; Reoch Steamship Company Limited; Inland Lines Limited; Mohawk Navigation Company; Northwest Steamships Limited; N. M. Paterson & Sons Limited; Quebec and Ontario Transportation Company Limited; Upper Lakes and St. Lawrence Transportation Company Limited.

8. S.S. *Annik*; S.S. *Ragneborg*.

9. Sterner S. Muller, Bergen, Norway; Ragnar Nilsson, Vasterik, Sweden.

QUESTIONS PASSED AS ORDERS FOR RETURNS

AGRICULTURAL MARKETING ORGANIZATIONS—REQUESTS FOR PRICE SUPPORT

Mr. Herridge:

1. What agricultural producers' marketing organizations have asked for price support since January 1, 1950?
2. What applications were given favourable consideration, and what price floors were established?
3. What applications were rejected, and for what reasons?

RADIO STATION CHRC

Mr. Viau:

1. Is there a radio station CHRC in the city of Quebec?
2. If so, is it privately owned or affiliated with the C.B.C.?
3. What are the names of its directors?
4. If affiliated with the C.B.C., under what class?
5. Was it added to any network of the C.B.C. for commercial programs in 1950 and 1951 upon request of any sponsor?
6. If so, how much did it receive from the C.B.C. in 1950 and 1951 for commercial network service on the basis of a network card rate?
7. What other revenue did it receive from the C.B.C. in 1950 and 1951?

MOTION FOR PAPERS

INVERNESS COUNTY, N.S.—COAL DEVELOPMENT AND ECONOMIC CONDITIONS

Mr. Gillis:

For a copy of the report made to the Department of Mines and Technical Surveys on possible coal development and economic conditions in Inverness county, Cape Breton, Nova Scotia.

Mr. Prudham: For the information of the hon. member for Cape Breton South, I know of no report that would have been made to the Department of Mines and Technical Surveys in reference to the possible coal development and economic conditions in Inverness county. However, I believe such a report has been made to the department of mines of Nova Scotia by Dr. Lewis Young, a geologist who was working for that department.

Mr. Gillis: The report may not have been made to mines and technical surveys; it may have been made to mines and resources before the department was changed around, but my information is that a Dr. Haites did make a report of that nature to the federal department. I do not know who would inherit it.

Mr. Prudham: My officials have no knowledge of the report. However, I shall ask them to have another look, and perhaps this motion could be allowed to stand.

Mr. Speaker: Stand.

NATIONAL FILM BOARD

APPOINTMENT OF SPECIAL COMMITTEE

Hon. Robert H. Winters (Minister of Resources and Development) moved:

That a special committee consisting of the following members, namely, Messrs: Beyerstein, Boisvert, Browne (St. John's West), Cannon, Carroll, Carter, Coldwell, Courtemanche, Decore, Dinsdale, Ferguson, Fraser, Gauthier (Sudbury), Gauthier (Portneuf), Henry, Jutras, Knight, MacLean

(Queens), Macnaughton, McWilliam, Murray (Cariboo), Richard (Ottawa East), Robinson, Smith (Moose Mountain), Whitman, Winters, be appointed to consider the operations of the national film board as set forth in its annual report with authority to send for persons, papers and records, and to report from time to time, and that the presence of at least ten members shall constitute a quorum; that standing order 65 be suspended in relation thereto.

Mr. Coldwell: Is the minister going to make a statement on this matter?

Mr. Winters: I do not think the house would expect me to say much at this time, Mr. Speaker. From time to time hon. members have requested that the annual report of the national film board be referred to a committee of the house for detailed study. The government has considered these requests and is of the opinion that it would be in the public interest to set up such a committee to provide its members with an opportunity to study the annual report of the board, and at the same time to give the government film commissioner and his officials a like opportunity of explaining the board's operations. I so informed the house on March 17.

Since its inception, the national film board has become more and more integrated with Canada's national growth and has played an increasingly important part in the development of our national status, largely through its assigned role of interpreting Canada to Canadians.

I am sure most Canadians feel that the national film board is doing good work, and they will welcome this opportunity of having a detailed study made of the board's activities as reflected in its annual report. The commissioner and members of the board are similarly pleased to be able to have discussions with members of a committee and, through them, to provide Canadians generally with an opportunity to learn more about how this important government agency serves the public.

Mr. G. K. Fraser (Peterborough West): I am pleased, Mr. Speaker, as I know other members of the house are, that the minister has at last consented to the establishment of this special committee on the national film board. It is about five or six years late, but it is better late than never. The question as to why the committee was not set up before is not a $64 one, because I feel quite sure that if it had been, the findings of the committee would have certainly embarrassed the then minister.

Some hon. Members: Oh, no, no.

Mr. Fraser: Oh, yes, would absolutely have embarrassed the minister who was then in charge of the national film board. For some years this board has been what one might call a hot potato, and the different ministers have tossed that potato from one to the other, saying, "I don't want it, you can have it; it doesn't belong to me." If there had been an inquiry by a committee in those early days, I am quite sure the findings of the committee would have embarrassed the government as well. There is no doubt about that.

I feel quite sure that before the Minister of Resources and Development (Mr. Winters), who is now in charge of the national film board activities, came into the house he wondered why that board had been called a white elephant—in fact, a herd of white elephants. I feel quite sure also that after the minister was installed in his office, and took charge of the film board, he had reason to know why the board had been criticized. For a number of years it was just a place into which the taxpayers' money was dumped. There is no doubt that the taxpayer did not get dollar for dollar value.

An hon. Member: Dispense.

Mr. Fraser: I hear a Liberal member saying "dispense", and I quite realize why he said that. The Liberals never like to be criticized in any way at all. They always feel they are one hundred per cent right—

Some hon. Members: Hear, hear.

Mr. Fraser: —and in most cases they are one thousand per cent wrong. However, if that hon. member had just waited a moment he would perhaps have heard something that he would have applauded. I am going to say that I feel, and I know many others do as well, that under the present minister, with the use of a little common sense, this national film board will develop into something that is useful to the people of Canada. This film board has greatly improved since the minister took over.

Some hon. Members: Hear, hear.

Mr. Fraser: I am glad the Liberal members are applauding, because I know that they did not applaud five, or even three, years ago, despite the fact that they knew the national film board was not doing its job.

Mr. Riley: That means we are making progress.

Mr. Fraser: Yes, you are making progress slowly in the national film board, but there is still room for improvement.

Mr. Riley: But in the right direction.

Mr. Fraser: But in the right direction, and that is only because you have had constructive criticism from the Conservative party.

The minister who is now in charge of the film board installed a business management

firm to check into the affairs of that organization, and it was about time. I feel that since that check was made and a report issued, the film board affairs have been in much better shape; they are on a sounder basis. The affairs of that board were certainly on shifting sands before that time. The minister saw that the former director of the film board was kicked upstairs, and a new director put in his place. I say "kicked upstairs" because I believe he went to the United Nations. I have heard very good reports of the new director, both from his own employees and other sources. We shall wait, however, until we are in the committee to find out exactly what this new director has been doing. He has accomplished quite a bit, and he has had a big job.

I should like to read an article which appeared in a magazine entitled *Canadian Photography,* a monthly booklet issued for professional photographers throughout Canada. A few years ago this magazine was not very favourable to the national film board, because, in many ways, the board was stepping on the toes of professional photographers. The article which appears in this magazine was published in Toronto *Saturday Night.* The date on which the article appeared in Toronto *Saturday Night* is not given, but it appears in the February issue of *Canadian Photography,* and reads as follows:

> When Mr. Arthur Irwin left *Maclean's* magazine just over two years ago to take over the national film board, this appointment aroused great public interest. When it was announced recently that his two-year appointment had been extended indefinitely, no one paid any attention.
>
> The change is a tribute to Mr. Irwin's accomplishments. It reflects the fact that two years ago the film board was "news" not because of its films but because of rather general doubts about its efficiency. Now the film board only gets into the news, it seems, through flattering reviews of its productions.
>
> The public flurry of two years ago was largely based on allegations that the film board was harbouring communists and was too bad a security risk to make secret films. But the more serious and significant complaint was that it was a badly organized unit, suffering from all the waste and inefficiency which goes with bad organization. The communist scare was Mr. Irwin's first worry, and it was one of the quickest and most easily solved. The real effort of these last two years has been the unspectacular and unexciting grind of trying to establish a more efficient organization.
>
> With a new and vigorous board behind him, Mr. Irwin has won the confidence of his staff and has brought much better order into the film board's operations.

That proves the statement I made a few minutes ago.

It is to be hoped that no restrictions will be placed on this special committee that is being set up to study the national film board activities. The committee should have full sway, and should be allowed to call in representatives of the Canadian motion picture industry, the Canadian commercial photographers, the Canadian press photographers' association and any other organization that is interested in motion pictures or photography.

This year the national film board is going to cost the taxpayers of Canada over $3 million. The minister might say: Oh, no; it will not cost that. What is the estimate for 1952-53? I will not say it is only $2 million; it is the large amount of $2,919,951. In 1951-52 it was $2,600,000 approximately. There has been an increase this year of over $317,000. On top of this we have the expense that the Minister of Finance has in having his officials in the national film board to check on the accounts, pay the accounts, and so on. We also have the accounts of the Minister of Public Works for the twelve different buildings which the national film board occupy in Ottawa and the other buildings that they rent throughout Canada and in other places. The national film board must show the committee where this money goes and just what use is being made of it. The committee must find out whether the pictures produced are what the Canadian public wants, and also if they are just what are needed for our children and also for our adult education.

I am a great lover of good motion pictures, and I know that a good many other hon. members are also. In fact, I know that the Minister of Agriculture is.

Mr. Speaker: Order. There is so much talking in the house that it is difficult for me to hear what the hon. member is saying.

Mr. Fraser: I just said, Mr. Speaker, that I know the Minister of Agriculture is a great lover of motion pictures, because he goes to good shows on Wednesday nights, when we have the night off. I generally meet him there. I also like good motion pictures.

Mr. Gardiner: We pick the same kind.

Mr. Fraser: A few years ago, however, the documentary films put out by the national film board were not worth much to the public at large owing to the fact that the details in them were not correct. On numerous occasions in this house I pointed out some of those details.

This committee should also find out just what advantage the national film board is to the various departments of the government, and whether it would be better for those various departments to get their motion pictures made by commercial film corporations.

The national film board was set up in 1939, just before the war. I have here the resolution that was read in the House of Commons on Tuesday, March 7, by Mr. Euler, who introduced it.

Mr. Murphy: Give the year.

Mr. Fraser: 1939. It is to be found at page 1661 of *Hansard* of that year. The resolution was as follows:

That it is expedient to introduce a measure to create a national film board empowered and directed to review and report on government film activities and to discharge such other duties as the governor in council may request; and to authorize the governor in council to appoint, and determine the salary of, a commissioner, to be the chief executive officer of the board. Also to provide for the appointment of an interdepartmental committee to centralize government film distribution.

At that time the Department of Trade and Commerce was the one in which all the films were made, and this national film board was set up in order to combine the operations. When asked for an explanation by the hon. member who now represents the constituency of Vancouver-Quadra (Mr. Green), Mr. Euler went on to say further:

The purpose of the bill which is to be founded on this resolution is fairly, if briefly, described in the resolution itself, but I might add something to acquaint the committee with the purposes of the bill. Perhaps primarily the reason for the framing of the bill is the fact that the film has become a very important and powerful factor in the dissemination of information, the production of entertainment, and for publicity purposes generally and it is growing constantly. Various departments of the government—I need not mention them particularly, but at least five or six departments of the government —have had in the past their own film activities entirely independent of one another.

Mr. Euler went on to say further:

There is also provision for an executive officer of the board, who is designated in the bill as a commissioner. He will be the only paid official. It will be his duty to act under the instruction or supervision of the board in its practical work of co-ordination and that sort of thing.

He further went on to say:

It might not be necessary to include that in the bill, but it is thought well to give that committee an official standing. The members of that committee will be drawn from the departments which have film activities, the chairman to be the commissioner himself.

He also said:

I may add, in conclusion, that this board is not being established with the intention of providing jobs for anybody. There is really to be only one paid man in the organization.

He said further:

That has not been considered. But the only other paid official might be a clerk or a stenographer.

In *Hansard* of March 13, 1939, Mr. Euler set out just what the films were costing Canada at that time. The total for the fiscal year 1937-38 amounted to $51,998.75. In 1947-48 the national film board cost the taxpayers of Canada $3,514,940.

On more than one occasion in this house I have said that the various departments of government should be allowed to select their own firm for making their films and developing them. I know that some departments of the government have done this; but under the present set-up I believe that each department has to pay to the national film board a fee of some 10 per cent over and above what the commercial firm charges. When the late Hon. Ian Mackenzie, a former minister of veterans affairs, was in office, I know that on more than one occasion he had private commercial firms make films for his department.

In their policy declarations and resolutions, 1951-52, the Canadian Chamber of Commerce had this to say:

The Canadian chamber of commerce generally endorses the minority report on the national film board of the royal commission on national development in the arts, letters and sciences, in which it is recommended that two or three members should be appointed to the board of the national film board as moderators, with the duty of examining objectively all plans of the board. The national film board should not extend its operations. The film act should be amended so that it is no longer necessary for departments of the federal government to secure their films through the national film board.

I mentioned what the total cost of the national film board was to the public in 1947 and in 1948. About that time I put a question on the order paper. In 1947 the expenses for employees, salaries, wages and expense allowances totalled $1,844,000 and some odd out of a total of $3,514,000. That shows that most of the money went into salaries and expenses instead of into pictures. This is how that $1,844,000 odd is made up: Total expenses for Canadian employees amounted to $242,814.04; total salaries for employees in Canada were $1,384,831.89. The cost of foreign offices maintained outside of Canada amounted to $138,959.05; the salaries of employees outside of Canada amounted to $57,825.06; expenses, including allowances of employees in offices maintained outside Canada, totalled $20,464.10. That amounts to $1,844,894.14, and was for salaries and expenses alone.

In conclusion I wish to say a word in regard to the distribution of films in Canada. It is the general belief in Canada that these different film councils that are set up are maintained by money supplied by the national film board. That is not so. These councils are set up locally, and the different organizations in the different municipalities or districts all chip in. I think in my district they pay $2 each. There are dozens, in fact hundreds, of different organizations that chip in. Then these different organizations are permitted to have films free, and the loan of a projector. The different councils have to buy their own projectors, I understand, and that is one thing that I should like to mention

to the minister. Proper instructions should be given to someone in these councils, despite the fact that they are locally maintained, in the care of motion picture projectors. I know of many instances, not only in my own district, but in other districts, where projectors are sent out with an operator to a school or to some other organization, and after they start to run the machine they find that it is out of kilter and will not work properly. It not only gives the local film council a bad name, but also reflects on the national film board.

I know our film council in Peterborough is well managed and directed, because my own dentist is the president of the council, and I know that he has as much pull as anybody in Peterborough. He is also a good manager. I am also pleased to say that I have a daughter on that council who represents the Imperial Order Daughters of the Empire, which in turn represents some twelve or more other branches and chapters of the Imperial Order Daughters of the Empire in the Peterborough district. These film councils do not distribute just national film board pictures. In most instances they have to buy their own films. If they had to depend on the national film board reels altogether for their distribution I am sure they would have to fold up. In many instances they buy films produced by other motion picture companies in Canada, and I suppose some of them are imported. I know of one firm that operates in Ottawa, Crawley Films, that makes excellent pictures. There is nothing better in the United States than the films the Crawley firm makes. We have other firms in Canada making good pictures.

As I said at the beginning, I am pleased that this committee is being set up, and I hope that the minister will see that no restrictions are put on its proceedings.

Hon. J. J. McCann (Minister of National Revenue): Mr. Speaker, during the years from 1945 to 1949, or the early 1950's, I had the honour of being the minister in charge of or responsible to the government for the national film board. The hon. member for Peterborough West (Mr. Fraser) has been the self-appointed, or probably appointed by his party—

Mr. Fraser: No.

Mr. McCann: —critic of the national film board. The occasions on which he has voiced that criticism—and I have no objection to the criticism—were when the appropriation or estimate to sustain the national film board was before parliament. My appraisal of his ability and of his right to make the criticisms which he did are based upon the fact that he visits the picture shows once or twice a week. I could never find anything in his criticism more substantial than the evidence which he put forth that might come as a result of that attendance. The national film board—

Mr. Fraser: You did not listen to me very attentively.

Mr. McCann: Just a minute; you have had your opportunity. He claims that the national film board has been a hot potato, that it has been a place in which the government found they could dump public money. The record will show that these are his accusations.

Mr. Fraser: That is right.

Mr. McCann: It has never been a hot potato. For a number of years the board was under my jurisdiction, until in the view of the Prime Minister my duties as Minister of National Revenue were such that I had enough work without continuing the national film board. When the department of mines and technical surveys was established, that duty was transferred to the present minister, my colleague, the Minister of Resources and Development (Mr. Winters).

Let us go back for a minute or two over the history of the national film board. It was established in 1939. The idea of establishing it was to co-ordinate the services in the several departments of government that had to do with the matter of publicizing their activities by using a new medium of communication and a new medium of education. These various departments of government used films, and it was thought that it would be advantageous and economical if these several activities were co-ordinated into one department or one agency. That agency became the national film board.

I admit immediately that during the years 1939 to 1945, under the direction of Mr. John Grierson, who was then the head of the board, these activities were spread perhaps beyond what they would have been in peacetime, and our expenditure ran up to several millions of dollars—I forget the exact figure—and the number of employees was up in the neighbourhood of a thousand.

After the war, in 1945, when I took the department over, I began a policy of retrenchment. Anyone who will look at the estimates for the national film board in the years 1941 up to 1950 will see that there was that retrenchment, both in dollars and in personnel. Therefore although I am not jealous of the few words of commendation which my hon. friend has directed toward the Minister of Resources and Development, I wish to state that the policy of the national film

board as it is at the moment was initiated before the present minister came into office—and I am sure the minister will bear me out in my statement, because he sat on the board when I was the responsible minister.

Mr. Macdonnell (Greenwood): Settle that with him.

Mr. McCann: I wish to tell the house that the national film board was not intended to be, nor will it ever become, a money-making agency of government. It was set up for several purposes, one of which was to have documentary films.

Let me explain what that means. Up until a few years ago, what was the record of great national events throughout the world? Unless they were written in a book we had no record of them. The film offered a new medium through which we could have great events in our history placed on the record and kept there for ever, in order that generations yet unborn would be able to see what the world was like one or two hundred years before they came along.

Then, the national film board was established for educational purposes. It was there for entertainment purposes, for purposes of instruction, and for all the other purposes of a new industry such as the film industry in the present-day world.

Those are the reasons the film board was set up, and they are the reasons today. If the board is going to spend more money this year than it has in previous years, or if it spent more last year than it did the year before, the reason for the increased cost is the increased cost of wages and of the materials they use in their work.

Last October in the visit of Her Majesty the Queen to this country we witnessed one of the great events in our history. The national film board did a splendid job in preparing an excellent film known as "Royal Journey". That film has been shown in our own country, and it has been sold in the United States so that it may be shown there. On balance the crown will have some considerable profit from it.

I do not intend to speak at length; but I hope the hon. member for Peterborough West will be a daily attendant at the national film board inquiry. I welcome the inquiry, and have suggested it on previous occasions. The government and the national film board have nothing to fear from the most minute inquiry that could be made into the activities of the board; and if the hon. member for Peterborough West wants to put forth his criticism or ask questions he will receive suitable and satisfactory answers.

[Mr. McCann.]

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

An hon. Member: You made your speech.

Mr. Fraser: You do not want to answer the question? All right.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, I am pleased indeed that the committee is about to be set up. In common with other hon. members I have asked over the years that such a committee be established, not because I felt that the national film board had been guilty of anything that required investigation, not because of anything it had not done, but so that the board might have an opportunity of explaining to hon. members, and through them to the country, the work it is trying to do.

I was glad indeed the Minister of National Revenue (Mr. McCann) spoke as he did about the board and its activities. He mentioned the film "Royal Journey," which has been acclaimed, everywhere it has been shown, as to colour, technique and conception, as one of the outstanding films of modern times. The national film board is to be congratulated upon the magnificence of that production.

When I hear criticisms of our national film organization I like to review the prizes and awards that have been made for documentary and other films to public and semi-public organizations both here and elsewhere. Those of us who have noted the awards made will have been quite pleased with the number obtained by the national film board.

A few years ago there was considerable criticism of some of the board's employees. I am very glad indeed that that criticism has not been continued. Mr. John Grierson has often been mentioned in this connection, but I note that at page 51 the Massey report refers to Mr. Grierson as "a distinguished British producer of documentary films", and points out that he was asked to make an investigation and to report his findings. Whatever Mr. Grierson's private views may be—and I do not know what they are—I think this country does owe the first commissioner some gratitude for having laid the foundations for documentary film projects which have brought acclaim to this country.

From time to time I have met people from the United Kingdom and from South America, as well as from the United States, who have told me that they have seen some of the documentary films issued by the film board. Those people have spoken in the most enthusiastic terms when referring to the films. I know of nothing that has given Canada better and more competent advertising than the films produced by this national organization, and I think we should recognize the work that has been done.

The sittings of the committee will give hon. members an opportunity of looking into the organization of the national film board and the extent to which it is associated with any minister of the crown, or with the government or, indeed, with the house. My own view has been for a long time that the national film board might well be placed in the same position as the Canadian Broadcasting Corporation—in other words, divorced from political control in any respect, and set up, as is the Canadian Broadcasting Corporation, as an independent organization responsible to parliament and reporting through a minister to the house.

I believe the present plan has within it some dangers. I do not think that at the moment those dangers are of great consequence, because I do not believe the present commissioner would allow the national film board to be used in any sense as an organ of propaganda for the government of today, or any succeeding government. I do not think the present commissioner would do that. I have the utmost confidence in his integrity and ability, and I am not afraid that that would happen under the present circumstances. But I still think that in the interest of the national film board and of parliament it would be well for the committee to go into the organization of the board and to inquire into its association with the government. Then if the committee sees fit it might recommend that the board be set up as a corporation similar to the Canadian Broadcasting Corporation, which in my opinion, and also in the opinion of those who make the awards for broadcasting, has done a remarkably fine job in the field of radio.

I believe that the national film board at the moment is doing and can do an equally fine job with respect to the cinema. After all, as the hon. member for Peterborough West (Mr. Fraser) pointed out, there are many people in Canada who derive a great deal of pleasure and recreational as well as educational benefit from attendance at the cinema. I do not often go because I do not have the time, but I agree with the hon. member that it is a modern form of entertainment which can be both educational and enjoyable.

Without the national film board we would have to rely to an even greater extent than at the present time on the medium of Hollywood films or films coming to us from across the sea for any interpretation of Canada. Most of the films shown in Canada are of United States origin, to a lesser extent they are of United Kingdom origin, and to a very small extent of European origin. I think it is in the interests of national unity and the building up of national understanding, as well as in the interests of national culture, to have an organization that is doing something fundamentally Canadian in this most important field. Those who have seen Hollywood films dealing with Canadian life—I can think of several I have seen—will understand what a caricature these films are in many respects of the actual life of people in Canada. I remember one film which was supposed to concern the mounted police, the name of which I do not recollect. It was a caricature of life in northern Alberta, where some of the picture was filmed, and in southern Alberta, where, as I remember, it, the Hollywood portrayal of a policeman was married. The film was of such a nature that it was almost an insult to Canadians.

Without the national film organization we would have no other way of bringing to the people, not only of Canada but also of other parts of the world, a true picture of our conditions of life and of Canada in so many of its aspects. Unfortunately we have been misrepresented in the films to which I have referred, and not only misinterpreted but caricatured.

There is another aspect of the matter which I think should concern the house, namely, the development of television. We are going to have television in Canada sooner or later, and in some parts quite soon. Undoubtedly television broadcasting will have to depend to a very large extent on films. Indeed, I thought one of the interesting points in Mr. Allard's presentation to the committee on radio broadcasting a year ago was that he wanted the private interests to control television but he wanted the national film board to provide the necessary films to a great extent. He was content to rely on this organization to do a job which everyone admits they are well qualified to do.

I have always been interested in the distribution of educational films. More and more our schools and educational institutions are relying on films as a supplementary medium to formal education. Listening to a broadcast originating in Newfoundland during Easter week, when I was at home one morning, I was amazed to learn of the number of projectors that have been placed in Newfoundland schools in the last year or two, thus bringing to the remote outposts of that province a picture of life in the rest of Canada, bringing to them films informing them of life in other parts of Canada and dealing with topics having other educational value. Such films of course are mainly 16 and 35 millimetre films.

I think the recommendation of the royal commission on national development in the

arts, letters and sciences, contained in what we refer to as the Massey report, should also be noted by the national film board. Among its recommendations I find the following on page 308:

> c. That the national film board consider appropriate measures designed to increase the distribution of 35 mm. documentary films through commercial outlets in urban areas and to create new outlets in distant and sparsely settled parts of the country which do not have them.

I think that the more the national film board can encourage the use of such films in motion picture theatres and other commercial outlets, the stronger the national film organization will become and the more useful it will be. Indeed it might bring further revenue to the country which could be used for the further development of the national film facilities.

In saying this I am not in any way minimizing the part that some of the private film organizations have played in Canada, but after all, the field is limited so far as they are concerned. The distribution of many documentary films must of necessity be on a non-profit basis, and in that field the national film board plays a most important part. If we are to supply our educational institutions with documentary films, and, as the Minister of National Revenue said a moment ago, films which may be of very limited value at the moment but may be of great historic interest, then only a film organization of this description can afford to undertake such projects.

I feel very strongly that in the field of documentaries the national film board has done a job of which not only the board but parliament, which provides the funds, should be very proud indeed. Mistakes have been made, but the mistakes are completely overshadowed by the successes that have been achieved since the organization was set up in 1939. When we think of what was done during the war to record not in still pictures of the kind we have hanging in the Senate chamber or stored away in the archives but in living pictures, what the young men and women did in the army, navy and air force, and indeed in industry, we realize that as the minister has said this record will be of paramount interest to generations yet unborn.

May I just pay this tribute? I spoke of the present commissioner but there is no question that the national film board has gathered together an exceedingly able staff of devoted young men and women who are doing this work not only to get a living but because they are interested in it because they enjoy doing it and feel they are making a contribution to the country in which they live.

[Mr. Coldwell.]

I am not going to add to what I have already said but I am pleased indeed that this committee is being set up. It will give those of us who are members of it an opportunity to go into the operations of the film board; but also—and this is the principal reason I have asked for such a committee—it will give the officers of the national film board including the commissioner an opportunity to tell this house and through this house and the press to tell the country, something of the job that organization is doing. I am convinced that most people in Canada are not aware of the kind of useful work the film board is doing. The establishment of this committee will give many thousands of people, I hope, the opportunity to understand the work of the board.

I was happy to note in the Massey report that a number of people and organizations have been interested in what the national film board has been doing. At page 53 of the report I find this:

> About 120 organizations in briefs and evidence discussed the work of the national film board, some at considerable length. Most of them approved of its work, and asked that this work be extended. They went further. Many Canadians expressed pride in the work of the film board considering that, like our national radio service, it is a valuable and distinctive Canadian achievement.

Many of us do not realize the extent to which Canada is advertised abroad today by the national film board. I was told the other day that on Broadway in New York city, outside one of the big theatres, was the advertising of the film "Royal Journey". I am not sure that the national film board was advertised as being the originator of the film, but I imagine that on the screen at least the people were told this was a production of the national film board of Canada. Consequently I welcome this paragraph which states that organizations expressed their approval of what was being done and urged that the work of the film board be encouraged and extended.

As a member of this house I feel that we should give the national film board all the credit it deserves for what it has done in the past, and hope it will be allowed and encouraged to continue and indeed extend that work in the future.

Mr. Solon E. Low (Peace River): Mr. Speaker, I am not a member of the committee that is being set up, but I should like to say a word to put before the house the position we take with respect to this motion. I have a special interest, I think, in the national film board and its productions. I represent a constituency that is very largely rural and lacking places where people may have easy access to picture houses. For that reason the people of the Peace river country have deeply

appreciated the documentary, educational and entertaining films they were able to obtain from the film board. As a matter of fact several local committees have been set up in my constituency who have sent competent people around with projectors and screens to show these films. We appreciate that service, which I think has done much to keep my constituents informed on the historical developments of our country and the documentary and educational processes as they have been developed and used by the film board.

Some years ago, when I first became acquainted with the work of the board, I did hear considerable criticism of some of the personnel; but I am glad to say that in recent years such criticism has already died away. Today I hear very little if any criticism of the personnel. I think Mr. Irwin must be doing an excellent job. I want also to compliment the ministers who were responsible for laying down the policy, because no commission can be any better than the policy it has to administer. So I think you must have done a good job in recent years in developing your policy. Otherwise there would have been continuing criticism of the kind we heard some years ago, which in those days was sometimes rather bitter.

I have heard some criticism of this sort, that in some cases the film board may be encroaching upon the legitimate fields of private business. Well, I do not know about that. It is one of the many reasons we welcome the inquiry. I believe the more information that can be adduced and made available to the public, the less criticism of that kind will be heard. Like the hon. member for Rosetown-Biggar (Mr. Coldwell), I am sure that if we get these things on the record and make them available to the Canadian people they will be able to decide for themselves whether there is any unnecessary encroachment by the board upon the field of legitimate private business. I must hasten to add that the major part of this criticism I have heard has been with respect to still-picture work, not so much with regard to motion pictures. I am looking forward to the information that will be brought out as a result of this inquiry.

I am convinced that there is a very useful purpose the film board can fill and indeed is filling. I saw the technicolour film of the royal tour, and enjoyed it very much. I thought it was a splendid production, and one thing that appealed to me strongly was the excellent commentary that went with it. I do not think I have ever seen a documentary film with a finer running commentary, and I think most people who saw it felt as I did. It was a tribute to our country that we should have recorded that tour so well, to be preserved here for future generations; and I want to compliment the board on that splendid production. As I say, in the remote parts of our country the people are going to be the gainers perhaps more than in areas where they have a more easy access to picture houses.

For a great many years I have felt that, in the field of education, there is a need for more visual material. It seems to me that the recommendation made in the Massey commission report that the board undertake to make and distribute more 35 mm. educational films is a very good one. I should like to see that done. The superiority of the 35 over the 16 is something that cannot be understood unless one has had some experience in using the two. The sound track on a 16 mm. film is very difficult to apply with any real success, so I should like to see that Massey commission recommendation carried out if it is at all possible. I am not going to weary the house with any further discussion at this time. Let me conclude by saying that we welcome the inquiry and our representative will be in attendance. I am going to be very much interested in the information that is brought out as a result of the inquiry.

Mr. Charles Henry (Rosedale): I have just a few remarks to make in this debate, Mr. Speaker. I hope to have the honour of being a member of the committee, and that is one reason for the brevity of my remarks. Before I came to this chamber as a member of parliament I had the honour of being a public servant in the service of the government of Canada, with the then prime minister the Right Hon. W. L. Mackenzie King, from whom I have drawn much inspiration in my public life. I well remember his remarks in 1946 that the things which unite us are greater than those which divide us. It is my opinion that most Canadians are united in the thought that the home is the backbone of the nation. I look forward to the day when television will attract people to the home for entertainment which otherwise they might look for elsewhere.

In the first half of the twentieth century there has been a greater movement outside the home for all purposes, particularly for the purpose of entertainment. This being so, Mr. Speaker, I cannot help but think of the fine thing it would be for Canada if we had special television facilities for the showing in the home of a picture such as "Royal Journey". In the United States and elsewhere there are special facilities for the showing of motion pictures through television

sets. A coin box arrangement is attached to the television set and the owner of the set has pictures in the home whenever he desires. I regard this as the most remarkable entertainment achievement in the first half of this century.

I welcome the committee, and I thank the minister for nominating me as a member. I cannot help but think that we in Canada should go ahead with facilities for showing motion pictures in the home through television stations or otherwise as means are found by those who control television. It seems to me that the government should consider the further co-ordination of the national film board and the Canadian Broadcasting Corporation for purposes of this advance in the field of television in relation to motion pictures.

Mr. J. M. Macdonnell (Greenwood): I shall detain the house for only a moment, and not to comment on the excellence of the film board. I take that as expressed by those who have already spoken. My only purpose in rising is to draw attention to a thing which happened in this debate which I have never seen before, and which may never happen again; that is my excuse for detaining the house for a moment.

This afternoon we had the spectacle of two ministers dividing the spoils, so to speak. In his generosity the member for Peterborough West (Mr. Fraser) gave praise to the film board and the Minister of Resources and Development (Mr. Winters). The minister received the praise graciously and swallowed it. Then, later on, we had the Minister of National Revenue (Mr. McCann) explaining that it did not belong to the minister of resources at all.

Mr. McCann: I did no such thing. Mr. Speaker—

Mr. Fraser: He would not allow me to ask a question.

Mr. McCann: You were not answering questions, you were asking them. On a question of privilege, Mr. Speaker. The hon. member for Greenwood (Mr. Macdonnell) is entirely misinterpreting what I said. In a debate of this kind I believe the record should be kept straight, and it was with a view to doing that that I spoke as I did. I will gamble one hundred to one that the present minister will substantiate every statement I made.

Mr. Macdonnell (Greenwood): I have been extremely unfortunate. I had no idea that what I was going to say would irritate anybody.

[Mr. Henry.]

Mr. Knowles: Is that gamble subject to income tax?

Mr. McCann: No one is irritated.

Mr. Macdonnell (Greenwood): Let me put it this way. The praise which had been taken by the minister of resources is going to be shared, and that is all right. I think we can leave it entirely to the ministers to divide it up amongst themselves. The only thing I was going to say was that I do not think we shall have many other occasions when ministers will share praise, but I would say it would be still more unusual if ministers would rise and share the blame which comes from this side of the house. It would be very useful if we could have the departments of agriculture, finance and national revenue dividing up the blame; that would be most interesting.

Mr. H. W. Herridge (Kootenay West): I only rise to speak for a few minutes. I do so for two reasons. First, I have been asked by a number of constituents to say a good word for the national film board whenever I have the opportunity. I rise first on that count. Secondly, I rise because whenever the member for Peterborough West (Mr. Fraser) speaks on the national film board I listen to his negative approach to this great national organization and become nettled so that I feel like talking. I will say that the member for Peterborough West did modify his criticism somewhat today compared to other occasions his negative approach was less negative.

I want to say that I know very little about the technical aspects of film production or the administration of the national film board in detail. However from my experience in my own constituency, I do know that there are a large number of people who greatly appreciate the work that has been done by the board throughout the years. This is true particularly of those people living in country districts. Like the member for Peace River (Mr. Low) I represent a riding which has within it a number of isolated communities. The people of these communities appreciate the films they have seen as a result of the national film board being in operation. In the cities of Trail, Nelson and Rossland we have very active film councils. I may say that the work of the board is so appreciated that these film councils represent a complete cross section of the community, and have the support of a large number of people.

The member for Peterborough West more or less implied that the amount of $2 million or so was far too much to spend on the work of the national film board. I cannot agree with that suggestion, when we place that small sum for this very valuable cultural work in

this country as against our total budget, it is indeed a small amount. I quite agree, Mr. Speaker, that possibly there have been some administrative weaknesses in the film board that have been corrected. I think we must expect some difficulties because it is a new type of government organization in which there has been little previous experience in any country. I believe I had a very good illustration of the value of this $2 million odd to Canada when I had an opportunity of visiting New York recently. First of all, I think the expenditure is worth while for the good publicity it creates for Canada outside of this country. I happened to be walking down Broadway in New York at 7 o'clock in the morning.

Mr. Sinclair: Just getting home?

Mr. Herridge: I got up early, Mr. Speaker. I am an early riser. I was walking down Broadway—

An hon. Member: No excuses!

Mr. Herridge: —and it surprised me to find that at a theatre where they were showing "Royal Journey" there was at 7 o'clock in the morning, a line-up three blocks long for a show commencing at 9 o'clock. I made a point of asking the reason. The show contained several features. As I walked along I asked various people this question: "What are you interested in?" And in each instance the reply was the same, "Royal Journey". Is that not worth $2 million to Canada when we realize that millions of people in the United States will have an opportunity to see that film and other documentary films produced by the national film board?

I might also say that I completely agree with the remarks made by my leader in this debate, when he was speaking of the value of these films for educational purposes across this country. I think that all progressive-thinking or forward-thinking people are realizing more and more their value for that purpose.

Before I conclude I might also say that I was greatly pleased to hear the Minister of National Revenue (Mr. McCann) make the statement he made—and with the vigour he displayed and the language that he used—in explanation to the hon. member for Peterborough West (Mr. Fraser). I agree with all he had to say. As a result of this committee's being established and as a result of the excellent opportunity being given to the hon. member for Peterborough West and other members to quiz, inquire and seek information, I am sure that at the conclusion of the hearings of that committee, when the report is made to the house, the prestige of the national film board will be further enhanced in Canada.

Hon. Robert H. Winters (Minister of Resources and Development): Mr. Speaker,—

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

Mr. Winters: —in closing this debate I simply want to express my thanks to the various members who have spoken expressing appreciation of the work which the film board is doing at the present time. I gather that the film board enjoys a high level of esteem in the minds of all members of the house for the work it is doing, and I shall be glad indeed to convey those sentiments to the members of the board and the commissioner.

I especially wish to thank my colleague, the Minister of National Revenue (Mr. McCann), for the justifiable remarks he made in this debate. They were prompted chiefly because of the fact that the criticism directed against the board by the hon. member for Peterborough West (Mr. Fraser) largely covered a period when the board was under the direction of my esteemed colleague. That criticism, to my mind, is not justified. I know the hon. member's opinions. He has expressed them in the house on many occasions. The period in question was a difficult one for the board, following the war, when retrenchment was required. Periods of retrenchment and deflation are never popular, but sometimes these things must be done; and it is at such times that the real administrative ability and efficiency of the administrator are required to be brought to the fore. As I have done before, I wish to pay tribute to the work my colleague did during that period in defining the operations of the board and establishing those operations on a satisfactory basis in order to face the peacetime period.

During the past two years we have had a number of opportunities to consider the policies of the board, and I think all members have given expression to their views about what the policies should be. The so-called Massey report indicated the direction in which it could be expected that the people of Canada wished the board to progress. On many occasions hon. members have referred to the recommendations of the Massey report. We had opportunities to discuss the policies of the board at the time the legislation was put through this house in 1950, and on the numbers of occasions on which we have discussed the estimates of the board. I think the time has now come to consider the operations of the board in the light of the policies that have been laid down for it.

There is always the question as to how much a government should do in any field

and how much private enterprise should do. Just as my colleague who preceded me, I for one have always held the view that the government's agency in this field should do everything possible and practical to stimulate private operators to produce pictures which will reflect Canada to Canadians under the same terms of reference as are laid down as guiding principles for the board itself. I think a good indication that this is being done is contained in *Hansard* at page 1460, in a reply to a question asked by the hon. member for Mount Royal (Mr. Macnaughton). The question was whether or not the national film board distributes films produced by private agencies, provincial governments, governments of other countries and agencies of international co-operation such as the United Nations and the European co-operation administration. The answer is that the board does distribute such films and that the number of subjects in distribution as of the date on which that question was answered was 279, with a total of 3,460 prints. I think it must be clear to hon. members that the government is trying, by every reasonable means at its disposal, to encourage private enterprise in the field.

The hon. member for Peterborough West made a statement—and I think he referred to operations some time ago—in which he said he understood that the national film board charged 10 per cent with respect to films made up by private operators for government departments.

Mr. Fraser: That was back in 1948.

Mr. Winters: My answer to that statement is that the film board charges no such fee, but that they absorb all such costs of administration themselves.

In closing, Mr. Speaker, I simply wish to express the hope that all members of this committee will avail themselves of the fullest opportunity to examine the operations of the board as reflected in its annual report. During the course of the committee's proceedings I hope that hon. members will visit the board's premises in Ottawa and see the conditions under which the employees of the board work. I hope too that all hon. members, including especially the hon. member for Peterborough West, will avail themselves of as many opportunities as possible to see the product which the board turns out.

Motion agreed to.

[Mr. Winters.]

BRIDGES

BURLINGTON CANAL—REPLACEMENT OF DAMAGED STRUCTURE

On the orders of the day:

Mr. F. E. Lennard (Wentworth): Mr. Speaker, I have a question to ask the Minister of Public Works. Owing to the extreme damage that was done yesterday to the Burlington canal bridge at the entrance to the Hamilton harbour, will the minister consider immediately the plans of his department for a new overhead structure to replace what is left of the present bridge, especially as it is a vital spot in our highway system, leading from the international boundary into northern Canada and the trans-Canada highway?

Hon. Alphonse Fournier (Minister of Public Works): Mr. Speaker, I think this is the appropriate time to make a statement on the incident mentioned by the hon. member.

On April 29, about noon, the steamer *W. Fitzgerald,* loaded, approached the Burlington channel and whistled for entrance to the harbour through the ingoing channel. At the Burlington canal the channel is divided into two parts, namely the ingoing and the outgoing; and they are separated by a 30-foot pier in the centre of the channel which forms an abutment of the two bridges, one of which spans each of the channels. The railway bridge located 500 feet further towards the lake is a swing bridge where the one bridge spans both channels and is ordinarily in an open position except when passage of trains demands its being used as a crossing. As the *Fitzgerald* approached, the bridgemaster prepared to raise the bridge and to make the channel clear for the passage. In doing this he closed the gates at both ends and stopped vehicular traffic. When he returned to the operating cabin he found that either the power, which is supplied by the Hydro Electric Power Commission, was not available or there was some mechanical defect that prevented the bridge from lifting. He then signalled the ship to use the outgoing channel but by this time the ship was too far advanced to alter its course. The ship, realizing the difficulty, dropped both anchors and reversed its engines. However, the bridgemaster was still unable to lift the bridge and the ship, though travelling very slow, collided with the bridge in a down position, thus causing the truss to collapse and to turn the operating mechanism out of position. These are the facts as given over the telephone. However, they are being confirmed today by our engineer, Mr. Wilson, who is over getting the details.

As soon as we heard of the accident we dispatched Mr. Thompson, bridge engineer, who is very familiar with the bridge at Hamilton, to look over the situation from the standpoint of what should be done to make a quick replacement. As yet we have no report from either Mr. Wilson or Mr. Thompson. In the meantime we have instructed the department of customs to issue no clearance to the steamer until such time as we have carried on sufficient investigation to determine, even roughly, just what was the exact cause or roughly what liability there was on the steamboat.

The most likely method of replacement would be the installation of two single track Bailey bridges which are suitable for all classes of traffic on a 100-foot span of this type. If these are installed it will mean that the channel will be blocked to navigation and the ingoing and outgoing traffic will have to use the one channel. This will be a great hardship as Hamilton harbour is perhaps one of the busiest harbours in Canada.

It will likely take a period of from two to three weeks to instal the Bailey bridge but for the time being we have arranged with the Hydro Electric Power Commission of Ontario, who have several of them, to hold what is required for this particular position. We will in all likelihood have to make arrangements with them or with Hamilton Bridge Company, Limited, which I consider will be perfectly satisfactory as they have made them many times and are perhaps the people in Canada most familiar with the installation of them.

The question of whether or not the bridge should be rebuilt or viewed through wider eyes and abandoned to the use of other crossings of the canal and the substitution of a high level fixed bridge to carry vehicular traffic over the canal and at the same time provide a wider channel for navigation can then be gone into.

At the recent meeting of the Dominion Marine Association held about a month ago, their navigation committee came to this office and made special representations asking that the centre pier be removed and that the channel be widened. Their reasons for this were that the vessels, particularly the new larger type, were such that navigation through such a narrow channel was extremely difficult and hazardous. They recommended the construction of a high level bridge located on the line of the present railway.

We have in the department a plan prepared by Colonel Thompson, in his capacity of chief engineer of the Hamilton Bridge Commission, which has already been discussed with the department of highways in Toronto, and this might form a basis of negotiations with the Ontario department of highways whose interests are material by reason of the importance of the Queen Elizabeth highway.

USE OF CANADIAN NATIONAL RAILWAY BRIDGE BY PEDESTRIANS

On the orders of the day:

Mr. F. E. Lennard (Wentworth): I have another question in this connection that I wish to ask the Minister of Transport. If the answer is not available today, perhaps he will take this as notice. Owing to the tie-up of traffic caused by the damage to the Burlington canal bridge yesterday, will the minister consider allowing the use of the Canadian National railway bridge for pedestrian traffic?

Hon. Lionel Chevrier (Minister of Transport): I spoke to one of the officers of the Canadian National Railways, who is in the city today, and he was unable to give me a definite answer because he wanted to get in touch with the superintendent of the Toronto area. Until he does, I am unable to reply categorically to my hon. friend's question.

HIGHWAYS

INQUIRY AS TO CONSTRUCTION OF ROAD BETWEEN STEWART RIVER CROSSING AND DAWSON

On the orders of the day:

Mr. J. A. Simmons (Yukon-Mackenzie River): Mr. Speaker, I should like to direct a question to the Minister of Resources and Development. Is the minister prepared to say what progress is being made in regard to the construction of a road this year, following the survey made last year, between Stewart River crossing and Dawson?

Hon. Robert H. Winters (Minister of Resources and Development): Mr. Speaker, under the terms of the financial agreement between the federal government and the government of the Yukon Territory, there are two main classifications of such roads. One is resource roads which are the responsibility of the federal government, and the other is trunk roads, which are the responsibility of the Yukon government. This road in question has both trunk and resource characteristics. In the circumstances, both governments are interested. At the present time discussions are going on with the commissioner of the Yukon Territory to see if an equitable basis of participation can be arrived at, if this project is to proceed.

Inquiries of the Ministry

Mr. Simmons: I have a supplementary question. Will a start be made on construction this year?

Mr. Winters: That depends in part, Mr. Speaker, on what agreement can be arrived at with the commissioner of the Yukon Territory.

STRAIT OF CANSO CAUSEWAY

PROVISION IN CONTRACT FOR MINIMUM WAGE RATES

On the orders of the day:

Mr. Clarence Gillis (Cape Breton South): May I be permitted to direct a question to the Minister of Transport? If and when the master contract for the Canso causeway is let, will the Department of Transport, in co-operation with the Department of Labour, attach to that contract a wage schedule that is fair to the many areas in Nova Scotia from which labour and technical personnel will be drawn?

Hon. Lionel Chevrier (Minister of Transport): Mr. Speaker, the hon. member was kind enough to give me notice of his question several days ago, but because of circumstances over which neither of us had any control it was impossible to deal with it until now. The answer is that schedules of labour have been arranged by the Department of Labour, showing minimum rates of wages for all classes of labour, which will be attached to the contract or contracts entered into by the Department of Transport for the construction of the Canso causeway.

BRETTON WOODS AGREEMENT

REPORT OF OPERATIONS FOR THE FISCAL YEAR ENDED MARCH 31, 1952

Mr. James Sinclair (Parliamentary Assistant to the Minister of Finance): Mr. Speaker, I should like to ask the house to revert to motions. I beg leave to table the report of the operations of the Bretton Woods agreement for the fiscal year ended March 31, 1952.

BUSINESS OF THE HOUSE

SUSPENSION OF STANDING ORDER 28

Hon. Alphonse Fournier (Minister of Public Works): I also wish the house to be kind enough to revert to motions. By leave of the house I move the following motion:

That, in relation to the adjourned debate on the motion of the Minister of Finance (Mr. Abbott) that Mr. Speaker do now leave the chair for the house to resolve itself again into committee of ways and means and any amendment or amendments thereto, on the budget brought down Tuesday, April 8, 1952, the provisions of standing order 28 be suspended until the said debate be concluded.

Under standing order 28 the house resolves itself into committee of ways and means, or committee of supply, without question put, on Thursdays and Fridays. Therefore, if we wish to continue the debate on the budget tomorrow and Friday I have to move this motion, with the consent of the house.

Motion agreed to.

TRANSPORT

RADIO STATION "VOUS"—CONGESTION AT HALIFAX OF FREIGHT FOR NEWFOUNDLAND

On the orders of the day:

Mr. G. F. Higgins (St. John's East): Mr. Speaker, I believe the Minister of Transport has a couple of answers to questions I asked him yesterday.

Hon. Lionel Chevrier (Minister of Transport): I have yet to get the questions before I answer them.

Mr. Higgins: The questions are on *Hansard*. I will read them.

Mr. Chevrier: I am sorry; I did not see them.

Mr. Higgins: My first question, Mr. Speaker, is this:

Was radio station VOUS, operated by the United States air force at Pepperrell air force base, St. John's, Newfoundland, compelled or requested to cease broadcasting?

The question is found at page 1694 of *Hansard*.

Mr. Chevrier: I am sorry; I was not aware of the question on *Hansard*, because I had to be in a committee yesterday. The answer to the question in so far as the department is concerned is that radio station VOUS was neither compelled nor requested to cease operations.

Mr. Higgins: Then it is fair to say, so far as your department is concerned, VOUS can continue broadcasting?

Mr. Chevrier: I gave my hon. friend the answer to his question; I can neither add to nor subtract from it.

Mr. Higgins: My second question is to be found on the same page and reads as follows:

What is being done to take care of the freight congestion at Halifax of freight destined for St. John's, Newfoundland?

Mr. Chevrier: I understand there was some congestion in that area ten days ago, but that situation has bettered itself considerably. In any event, the Canadian National Railways

have chartered another vessel from Furness Withy, which should be in operation this week.

BUSINESS OF THE HOUSE

Hon. Alphonse Fournier (Minister of Public Works): I wish to mention, because I will not be here at six o'clock, that we will continue the debate on the budget tomorrow and Friday. If that debate is concluded we will take up legislation in the name of the Minister of Transport (Mr. Chevrier).

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Tuesday, April 29, consideration of the motion of Hon. Douglas Abbott (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Macdonnell (Greenwood), and the amendment to the amendment of Mr. Coldwell.

Mr. G. F. Higgins (St. John's East): Mr. Speaker, when I broke off last evening I was dealing with a subject concerning which the Minister of Transport (Mr. Chevrier) has just spoken, namely, the operation of radio station VOUS. As I said yesterday, while the matter does not have great importance to all of Canada, nevertheless it is of importance to a great section of Newfoundland. It has the further element that it is most useful to and greatly wanted by United States forces in Newfoundland.

Apart altogether from the very selfish aspect of the matter, that the station means so much to us in Newfoundland in the development of friendship between United States forces and the people of that province, and apart altogether from the good programs which have emanated from the station, particularly for those people who enjoy listening to a ball game, there is also the selfish angle that our continued good relations with United States personnel mean a great deal to us by way of coin of the realm. I am sure no member from Newfoundland would want anything to interfere with that happy relationship. I was assured yesterday by the Secretary of State for External Affairs (Mr. Pearson) that his department had taken no action. It would appear therefore that the present situation in connection with the operation of the station would be the same as it has been since 1941 when the United States forces first came to Newfoundland and established American bases there.

I am assured today by the Minister of Transport (Mr. Chevrier) that his department has taken no action. It would seem to be clear that there is no other control of broadcasting, except that maintained by this government. I would presume that the provincial government certainly could not control the operation of the station. So I get back to the premise I stated last night, which I now feel is the correct one, that the station has ceased broadcasting as a result of the manœuvring of station CJON, the other commercial station in St. John's. In making that suggestion I am confident it is the correct one.

While this matter may not be one of great importance to all parts of the dominion, because of the importance of international relations and of friendship with our American friends, I believe the suitable minister, if necessary the Prime Minister (Mr. St. Laurent) himself, should give assurance to the United States forces in Newfoundland that there is no objection to the operation of that station. This would give great pleasure to American personnel and to the people of Newfoundland. I have sent to the Minister of Transport a great number of newspaper clippings, even more of which have come to my desk today. They consist of editorials in local newspapers, and numerous letters. This is not a subject brought forward only as a talking point. On the contrary, it is a matter of some importance, and I take this opportunity to make my complaint. I am certain that ministers of the government will agree with me that whatever steps should be taken should be taken by them, so that radio station VOUS may continue its broadcasting, and render a service to the people of Newfoundland.

I mentioned last night that the presence of United States troops constitutes one of our great industries in Newfoundland. Perhaps my description may have been a misnomer, but the fact remains that a considerable amount of money is being left in Newfoundland through the operations there of American bases. I think it is possibly the high-liner of money-returning industries in Newfoundland today, if it can be called an industry.

And, in connection with the establishment of new industries, I am happy to note that a company known as the Newfoundland-Labrador Company—I believe that is the correct name of it—has as its chairman Sir William Stephenson, and that it has gone into that province and taken over the operation of the new industrial program established by the provincial government. Press reports would seem to indicate that Sir William has gone in with the blessing and possibly with the active co-operation of the Minister of Trade and Commerce (Mr. Howe). At all events the

minister has allowed himself to be quoted as saying that he is pleased that Sir William Stephenson has done that, and Sir William Stephenson has said that it was at the request of the minister that he agreed to take over the job.

We are happy about it because, quite frankly, we were more than anxious about the way matters had been going under governmental control of these new industries. The surplus left by the commission of government, and which we had hoped would continue for some years, has practically vanished. The schemes for which some of that money has been used by the provincial government are, to say the least, very much on a par with some of the South Sea bubbles of the old days.

In having Sir William Stephenson come to Newfoundland the minister has done us a real service, because he has taken the government out of business. That is Sir William's statement; and I understand it was as a result of Sir William's insistence that the premier said the government was turning over the operation of all its industries to this corporation. We do trust that this will be a good measure. Certainly it will reassure our people that the moneys there will be spent wisely.

Because of the expenditure of moneys there will have to be a demand on the federal government for a revision of the terms. One of the terms of union was that a royal commission would be set up within eight years to review the finances of the province. That will be looked upon with a benevolent eye. I can assure the minister who will be taking care of this matter that it is very necessary, because the financial picture of the government of Newfoundland today is not a happy one.

I shall not say more in that connection at the present time. I am glad to learn from the Minister of Transport (Mr. Chevrier) today that congestion of freight at Halifax has been taken care of through supplying a boat of the Furness Withy Company to take care of the excess freight. The situation has been a deplorable one. I know of one instance where cars ordered by an importer had left Windsor on April 1, but had not reached him on April 17 the day I left to come to Ottawa. They had been left in Halifax and had not been forwarded to St. John's in that length of time. One can very well see the effect on business of such terrific congestion. I am glad to know that it has been taken care of.

I wish to refer to another matter and one which directly concerns the budget. Before coming here I had a meeting with the tobacco workers international union No. 307 whose members are employed in the Imperial Tobacco Company branch at St. John's. It is a factory that has been in operation for very many years, and the employees are becoming worried as to future operations because of the excessive taxes on tobacco. The plant has been running on short time and consequently the workers do not have as much take-home pay. The president of the union, Mr. John Madden, wrote me a letter which I wish to put on the record. It reads as follows:

> We wish to draw to your attention our views concerning the outrageous budget brought down by Mr. Abbott. Sir, the budget is about as fine a piece of sabotage of any industry as I have ever heard of. He takes three cents off a pack of cigarettes, then, to add injury to the insult, he takes the same amount off the American cigarettes. This man must have a mania for taxes. He states the government lost money, not because sales dropped off but on account of a strike and a price increase by the manufacturer. This Mr. Abbott knows to be totally untrue. He also states there is very little smuggling of American cigarettes. The man must be blind as well as stubborn.
>
> The manufacturer advanced prices last year by one cent. This did not mean anything. Cigarettes retail out of ship stores for 10 cents a pack of 20. This gives the manufacturer a good profit. Where did the rest of the 40 cents go? I can tell Mr. Abbott where part of it goes, to schemes like the Ming Sung Company which cost a few million, but what is that, or to armies so far on paper. Mr. Abbott takes nothing off the plug or cut tobaccos. The only thing about cut and plug is that they are no worse off than before he brought down his insulting reduction on cigarettes. Plug and cut tobaccos are smoked by frugal people with very few creature comforts, but this means nothing to Mr. Abbott. Mr. Abbott takes your job and the shirt off your back, and then he will look around for a way to spend the money. On behalf of the hundreds who have lost their positions, and of those who will yet have to give up theirs, we wish to thank Mr. Abbott for nothing. To end this letter, I must say I think Mr. Abbott is named wrong. So I now christen him Barabbas.

In company possibly with many other hon. members, and certainly many citizens of the dominion, this being the 30th day of April I also felt very much like using that name when making up my income tax because quite truthfully it was rather a shock to realize that you had to put your hand in your pocket for so much money. We have heard of the tremendous surplus and we have heard no explanation of how it is being used, at least, no explanation that bears water with me. Therefore it seems to me very much like a story that I heard some time ago. There was a gentleman who was always encouraging people to enter politics but he himself was never prepared to do so. He was a fine, outstanding man and in fact is a great friend and close associate of mine. He would be a very admirable person to be a member of parliament. A clergyman said to him: "Mr. Blank, I take it you are going to agree to be a candidate". "Oh no", my friend said, "I really cannot. I should like to but I am too busy". The clergyman said to him, "Well,

I know you are a good person. You read your bible a lot. You should read verse 46 of the 11th chapter of St. Luke". When my friend, who of course does follow his bible very well, got home he took his bible and read this particular verse. I think it is quite appropriate to the present budget and that is why I am going to read it, bearing in mind that the minister in private life is of the same profession as myself. It reads as follows:

> And he said, Woe unto you also, ye lawyers! for ye lade men with burdens grievous to be borne, and ye yourselves touch not the burdens with one of your fingers.

That is the position. I expect that next year, when there will very likely be an election in the fall, not only will fingers be put to the budget but the whole hand, and we will have a very much different budget to face at that time. I am sorry that the minister is not here but his very able parliamentary assistant is, and I know he will bear in mind the request of the tobacco workers union of St. John's, and I hope he will endeavour to take away in the next budget the name that the minister has been christened.

Mr. R. J. Wood (Norquay): Mr. Speaker, I rise at this time to speak in the budget debate because it gives me an opportunity to deal with a matter with which I have been more or less concerned all through my life. I was born in a rural area in the province of Manitoba where we have no manufacturers. I am going to touch briefly today on the question of tariffs. I am sorry to say that in the budget there is very little reduction in tariffs. There is a small reduction with respect to the importation of glass but apart from that there is practically no reduction in tariffs whatever. Throughout Canadian history it is the Liberal party alone from which relief has been received so far as tariff walls are concerned.

In Manitoba and the other prairie provinces we are primary producers. We produce grain, livestock and poultry, and we catch fish. Farther west there is oil and gas, and in the north there are minerals. Canadian manufacturers are located in what is known as central Canada, an area bordered by the cities of Montreal, Oshawa, Toronto, Hamilton, Windsor, Sarnia, Sudbury and Ottawa. Central Canada is the territory inside that triangle, and it is known as industrial Canada. When I talk about central or industrial Canada that is the locality to which I have reference.

Tariffs were originally set up in the form of a fairly strong wall in 1879 during the days of the Sir John A. Macdonald government. In 1896 under the Tupper government the wall was made larger and more dominant. Following the election of 1911, tariffs were made still higher under the late Sir Robert Borden government. Then after the election in 1930 we got the Bennett government, under which we had tariff walls higher than ever before or since in Canadian history. All through the history of Canada our tariff walls were increased during the times the Conservatives were in power. The only time we got any relief was when we had a Liberal government. We were given relief under Sir Wilfrid Laurier, and previous to the election of 1911 he promised that if the Liberals won that election we would have considerable relief through reciprocity. Unfortunately, particularly for western Canada, we lost that election. Under the government of William Lyon Mackenzie King tariffs were lowered on many occasions; and as I said in the beginning, I am rather disappointed that in this budget we were not given more relief from tariffs.

Today we hear from hon. members to the left the same kind of talk we had back in the days of Arthur Meighen and R. B. Bennett. We hear talk of Canada first, and we hear demands for a meeting of the British commonwealth of nations. This Canada first talk is not new in this country. Arthur Meighen and his followers were talking about Canada first in this house for five years, from 1921 to 1925. Only one group of people in this country would benefit from Canada first; that is the owners of industry. And as far as I can see, no good would come from a meeting of the British commonwealth of nations. We had two or three meetings of the commonwealth nations shortly after R. B. Bennett's government was elected in 1930, and each meeting resulted in more restrictions upon trade with our neighbours and best customers, the United States.

I remember the conditions that existed under the Bennett government when the highest tariffs in our history were put up. During the campaign we had men come into our halls and schools and ask if we were satisfied with 28 cents a pound for our butter and 22 cents a dozen for our eggs. Not long after that we were getting only 14 cents a pound for butter and 7 cents a dozen for eggs. They asked if we were satisfied with the prices we were getting for grain. After they got into power we could not sell our grain at all. I have in mind a farmer living a little west of Virden in western Manitoba who wanted to get some money to send his children to high school, so he loaded a carload of 1,800 bushels of barley, shipped it to Fort William and waited for the return. His only return was a bill from the railway company for $7.32 still owing for freight on the car. He did not have the $7.32; a farmer could not sell any-

thing for cash under the Bennett government because we had no markets, so he wrote back to the railway company and said he was sorry he did not have any cash, but he had more barley.

I was running a transport from 1933 to 1935 and I know how the market was for cattle and hogs in those days. During 1934 I saw carloads of pretty fair grades of cattle coming to the stockyards at St. Boniface from Saskatchewan and Alberta, and being unloaded and sold for one-half cent per pound. Naturally you will wonder how the farmer could pay the freight. Arrangements were made in those days whereby the railway absorbed one-third of the cost of freight, the farmer absorbed one-third, and the government absorbed the remaining third. In that way they were able to take these surplus cattle off the prairies and sell them for a half cent per pound. That was $5 for a thousand pound animal; that is what pretty fair animals were selling for at the stockyards in those days. Our hogs were selling at $4 a head. When I hear hon. members to the left worrying and accusing our government of doing nothing about markets for our cattle, I think they should clean their own doorstep first.

Mr. Ferguson: We have foot-and-mouth disease under the Liberal government.

Mr. Wood: The tough times on the prairies under R. B. Bennett are not going to be forgotten for quite a while. During those days the farmers could not get cash for their eggs, their butter, their grain, their cattle or their hogs. As a result they could hardly get enough cash to buy the necessities of life for their families.

Mr. Brooks: It was the same all over the world.

Mr. Wood: I can remember that in those days, because a farmer could not get gas to run his car, he would take out the engine, put a tongue and doubletree in front of his car, and pull it around with horses. We see those old cars sitting in barnyard corners today, and they are known as Bennett wagons. In western Canada the Bennett government will go down in history for having at least introduced the Bennett wagon. That resulted partly from the policy of Canada first, and that is what might happen again if we had another meeting of commonwealth nations which would introduce measures that would interfere with trade with the United States.

Mr. Ferguson: May I ask the hon. member one question?

Some hon. Members: Sit down.

[Mr. Wood.]

Mr. Wood: If the hon. member wishes to ask a question he might wait until I am finished. I will be glad to answer his question then. Since 1879, when the first tariff wall was set up in Canada under Sir John A. Macdonald, industry has expanded and become very strong. I have reference particularly to the textile industry which has expanded enormously, particularly in central Canada. Why shouldn't it? The textile industry in Canada enjoys now, as it has all through Canadian history, the highest protection of any industry in Canada. I have here a table of textile industries in Ontario and Quebec divided into two groups, the first being those producing textile goods with fur content and the second those producing textiles without fur content. I find that in Quebec there are 2,109 establishments producing textiles with fur content and 1,801 producing textiles without fur content. In the first group in Ontario there are 1,386 establishments, and in the second group 1,143. This makes a total of 3,495 textile establishments in the central provinces of Ontario and Quebec producing textiles with fur content, and 2,944 producing textiles without fur content.

Now, Mr. Speaker, this is a fair indication of just how prosperous the textile industry in Canada has become. While I am on this topic I should like to mention that recently I was told of a man in western Ontario who, thirty-two years ago, wished to build a textile establishment. He had a small amount of money of his own, but in order to build his first plant he borrowed $25,000. He built his first establishment and, in the meantime, has expanded until today he has three textile establishments and he is rated at $2½ million. When people come into this house and say that the textile industry is not doing well you just cannot believe them. I feel sorry for hon. members to the left of me who come in here and plead for support for the textile industry. I feel sorry also that they would use unemployment as an excuse when requesting support for the industry. I wonder if they really believe that getting more support will result in less unemployment? I am of the opinion that it would work in reverse. I am of the opinion, Mr. Speaker, that if there were more tariffs to support textiles the unemployment would become worse.

Our people today do a lot of travelling and they know the price they are paying for textiles in this country. They know the prices that are being charged in the United States for similar goods. Two or three days ago I was in the United States when I was coming back from my Easter holidays. I was driving back through the city of Duluth,

Minnesota. I entered a store to obtain a couple of shirts of a brand that is sold in Ottawa, that is the Arrow shirt. In Duluth I bought these two shirts for $3.95 per shirt. They are of a good texture, equal to any you can get in this city of the same brand. I went into one of the better stores in Ottawa, E. R. Fisher on Sparks street, and was told that their Arrow shirts were $4.95. I said, "Is that the only Arrow shirt you have?", the man said, "We have them at higher prices, but that is the cheapest shirt that Arrow makes in Canada." This shirt sold on Sparks street for $4.95, and in comparing the quality I believe the one purchased in Duluth is the better shirt of the two. This is what we in the western provinces are up against, and have been up against ever since Sir John Macdonald instituted the first tariff wall of any consequence.

From the dominion bureau—

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

Mr. Wood: I am sorry to see the hon. gentleman to the left of me so worried about these conditions I am mentioning. These conditions are known to many people across Canada who travel in the United States.

Mr. Macdonnell (Greenwood): These statements are so inaccurate. About three-quarters of what you said is inaccurate, and I should like to point out the inaccuracies right here.

Mr. Wood: I have a report from the dominion bureau of statistics dated January 2, 1952, which gives me the various tariffs charged against the importation of goods coming into Canada. At the top of the list we have passenger cars, tariff No. 438, and the British preference and most-favoured-nation rates are shown. Now, the United States is included in the most-favoured-nation rate. She is our closest neighbour and our best customer. The most-favoured-nation rate on automobiles coming into Canada is 15 per cent. On a $2,000 car that is $300. The general tariff rate is 27½ per cent.

Refrigerators—these are the boys—Westinghouse, General Electric and these other large manufacturers have grown rich at the expense of the consumers of this country. I am not surprised at United States concerns coming to Canada to erect factories, because this is certainly a lush market; we certainly get it in the neck from these industries. We have the British preference tariff against refrigerators of 17½ per cent. The most-favoured-nation rate, including the United States, is 20 per cent, and the general tariff is 40 per cent. Radios: from Great Britain they are free. From most-favoured nations there is a duty of 20 per cent and the general tariff rate is 30 per cent.

Then, we have electrical appliances including electric stoves, washing machines, toasters, irons, mixmasters, vacuum cleaners, and so on. The British preference on those goods is 15 per cent, with the exception of irons, 12½ per cent; mixmasters, 10 per cent and vacuum cleaners, 5 per cent. The most-favoured-nation rate on all those items is 22½ per cent. This will serve as a small indication of why we are paying the ridiculous prices for stoves, washing machines, refrigerators and other electrical appliances that we are paying today.

Mr. Ferguson: I hope the Toronto *Star* prints your speech.

Mr. Wood: I hope so too. I am sure the Toronto *Star* and the *Globe and Mail* as well would learn a lesson. The general tariff on these goods, Mr. Speaker, is as follows: On stoves, it is 30 per cent; washing machines, 35 per cent; and on toasters, 30 per cent; irons, 27½ per cent; mixmasters, 35 per cent, and so on down the line.

Then, we come to shirts. The British preference on shirts made from woven fabrics, wholly of cotton, is 25 per cent. The most-favoured-nation rate is 25 per cent, and the general tariff rate is 35 per cent plus 4 cents per pound. You will notice that 25 per cent just works out to the difference between the United States price and the Canadian price on those shirts. That is what industry in Canada is doing. They are just calculating the retail value of these goods from the United States, not only for refrigerators, washing machines, automobiles but also shirts that are made in Canada, and then adding on the amount of the tariff; that is what the customers are paying.

Mr. Stuart (Charlotte): Subsidizing industry.

Mr. Wood: That is what I am coming to. Within the last five years the western provinces have produced, in agriculture alone, over $5 billion worth of goods. We cannot come down into Ontario and sell any of those goods.

Mr. Ferguson: Why not?

Mr. Wood: We cannot.

Mr. Ferguson: You sell millions of dollars' worth of goods in Ontario.

Mr. Wood: We cannot sell any here, and that is what I want to come to now. We produced over a billion and a half dollars' worth of goods, and when western producers come to sell their goods they cannot sell them in Ontario. We have to sell our goods

throughout the world over the top of tariff barriers. We have been able to sell our cattle in the United States, thanks to the Mackenzie King government. In 1936, through the good offices of the late W. L. Mackenzie King, we were allowed to sell to the United States a total of 250,000 cattle a year, and from that time right up until today our cattle market has been increasing in price. The outbreak of foot-and-mouth disease has put an end to that, however. If we are to go back and depend on the British market, as we did prior to 1948, our prices are not going to be very good in this country, and I am afraid our production of cattle in this country will go down a great deal also.

An hon. Member: Too poor to buy.

Mr. Wood: That is right; too poor to buy. I want to say that in my constituency and our province of Manitoba we caught in the last year over 30 million pounds of fish. In my constituency alone we caught over 10 million pounds. When we go down to the cities of Windsor, Hamilton or Toronto, however, and ask those cities if they will buy our fish, they say, "No, we have lots of fish of our own."

Mr. Brown (Essex West): We will buy your goldeye any time.

Mr. Wood: Ninety-eight per cent of the fish caught in my constituency is shipped to Minneapolis and Chicago. When we get cash back—and that is what we get; and we are considered a sheltered market—we are compelled by this tariff barrier to send the money down to central Canada for the goods we require for our livelihood.

I consider that that is discrimination against the consumers in western Canada. I consider—and I am sorry to have to say this, but I must do so—that it has cost Manitoba too much to belong to confederation. Tariffs are just a handout to industry.

Mr. Sinclair: They are subsidies.

Mr. Wood: They keep in business a man who should be out of business. They allow him to charge a larger profit than would be charged if conditions were equal. That is the result of tariffs. As I said before, I am sorry that this budget does not show more reduction in the tariffs than it shows. I feel that if we are going to get any relief at all from tariffs, we have to get it through a Liberal administration because Canadian history shows that we will not get it from the Conservatives. Certainly the Conservatives in their talk do not show any disposition to favour any relief whatever in the future with regard to tariffs.

I have here a statement, and I want to quote it, which was made by the hon. member for St. John's West (Mr. Browne) who, I believe I might say with apology to the hon. member for St. John's East (Mr. Higgins), is perhaps the leader of the Conservatives in the new province of Newfoundland. This is what he says, as reported at page 790 of *Hansard* of November 7, 1951:

> I think that is the experience of anyone who has recently visited the United States.

He is talking about prices.

> They will agree that, in almost 99 per cent of the goods that they saw there, their observation of prices showed that the prices are lower in the United States than they are in Canada. This article sets out a list comparing the prices, and only in two or three cases are they higher in the United States.

That is just an observation that everybody in this country knows.

I have here a quotation that I want to give you from another leading Conservative, namely the hon. member for Three Rivers (Mr. Balcer). I understand that the hon. member for Three Rivers is the president of the Young Liberal Association of Canada.

Mr. Stuart (Charlotte): Conservative.

Mr. Wood: Yes, of the Young Progressive Conservative Association. As he is one who is in such an important position, I would presume that he is here voicing Conservative policy. He says here—and you will find this at page 491 of *Hansard* of October 29, 1951:

> Again I urge the government to prohibit immediately all meat exports to the United States, so that the price of beef, for instance,—which is a basic food—may return to a level that would be commensurate with the income of the average Canadian, while still enabling western cattle breeders to make a reasonable profit. As long as we export our meat to the United States where salaries are much higher than in Canada,—

You will notice what he says about salaries, namely that they are much higher in the United States than they are in Canada.

> —our fellow citizens will have to go without meat . . .

And so on. That is a statement of which I hope our cattle producers throughout the country will take note. As he is the president of the young Conservatives of Canada, I presume that the Conservative party will agree with that statement.

I have here a statement by the hon. member for St. John's West (Mr. Browne) and I was rather surprised at this statement in view of the fact that he represents a new province. Of course, if the country is full of industries I can understand the statement. But if it is not full of industries—and I doubt that it is—then I cannot understand this statement coming from a man who is considered to

hold a fairly high position in that party. I might say that this statement may be found at page 735 of *Hansard* of November 5, 1951. As he is there reported, the hon. member said:

> I just want to draw to the attention of the house the fact that we import about $1,500 million worth of goods a year from the United States,—

That is all right.

> —upon which a large amount of customs duty is paid. I suppose the customs duties collected by the Canadian government must run into an amount of about $250 million.

I would judge that they run into more than that. I would judge that they run to at least $300 million. He continues:

> I do not know how much is collected from the United States, but there must be a substantial proportion of that amount. The parliamentary assistant to the Minister of Finance is present in the chamber listening to what is being said. Would he approve such a policy? What would the other countries of the commonwealth say? They would say: What? You are going to make a special friend of the United States and let their goods in free? What about the rest of the world? The United States is the greatest country in the world at the present time. You are going to help her to become greater; you are going to throw your doors open to the United States, and are not going to give us any chance. What about the people in Canada who are working in factories that were built up by this protection? Are we going to throw the doors open to allow foreign goods to come into this country? Such a suggestion is fantastic . . .

Mr. Speaker, I will say that such a suggestion is not fantastic. I would also say, speaking about inflation and the high cost of living, that I believe if the tariffs were lowered by 25 per cent tomorrow we would have a reduction of at least 15 points in our cost of living index inside of ten days.

The automobile industry has become extremely strong in this country. The Ford motor company and the Chrysler corporation have built up a great city in Windsor. Certainly General Motors have built a great city in Oshawa. They all complain of the corporation taxes being too high. Nevertheless, I note that General Motors in Oshawa are extending their plant at a cost of $8 million this year.

Mr. Stuart (Charlotte): They are losing money.

Mr. Wood: They may be losing money, but they are spending $8 million on a new truck plant this year. Studebaker down in Hamilton is not doing too badly either. As I said before, we produce over $1,500 million worth of goods in the western provinces each year. We sell these goods not in Ontario or in Quebec because we have no market there for those goods. We must sell them throughout the world wherever we can find a market. But when we need to spend our money, Mr. Speaker, and when we need to buy goods that we require, whether it be automobiles, clothing, boots and shoes, furniture or anything else, because of our tariff system we are compelled to funnel all that wealth right down here into the centre of Canada.

I have a reply to a question of the hon. member for Burnaby-Richmond (Mr. Goode) which appeared on the order paper, and in which he asked for the value of the agricultural products of the three prairie provinces. The reply says that in 1950 the three prairie provinces produced $1 billion worth of goods. I also have a statement from the automobile industry showing the number of cars, trucks and buses produced in Canada. A total of 390,102 cars, trucks and buses were produced in 1950 at a valuation of $610 million. This reply to the hon. member for Burnaby-Richmond says that, in Manitoba, Saskatchewan and in Alberta 93,763 cars, trucks and buses were purchased, which amounts to 24 per cent of the entire production of 1950 at a valuation of $190 million. That is 30 per cent of $610 million, the entire cost of these cars, trucks and buses produced in 1950. Therefore when you talk about the wealth that is produced in the west, and what becomes of it, just keep in mind that we have to find markets throughout the world but when it comes to spending our money it comes down into the central part of Canada into the cities of Windsor, Oshawa, Toronto and Hamilton, and other cities in this area that I described when I rose to my feet, and we get nothing in return. We are paying and continually bonusing, the industries down here because of the tariff, and we are getting nothing in return. I say that it has cost Manitoba producers and my constituents too much money to belong to confederation.

I have another little quotation that I wish to bring to the attention of the house. It is a remark of the leader of the opposition (Mr. Drew), which he made on March 18, concerning corporation taxes. I am going to read this remark of his because, in my opinion, he probably expresses an opinion here that does not conform with my interpretation of what he said. He said, at page 571 of *Hansard*:

> There are different methods of dealing with those inflationary pressures. There is one way this government has not attempted, by which it can deal with inflationary pressures better than by any other method at this moment. That is to stop this overtaxation. Some $721 million of overtaxation in the first nine months is $721 million taken from the pockets of our people which has added by that much to their expenditures. Let it not be said that a substantial part of this is represented by corporation taxes. No one knows better than the Minister of Finance that if firms are to stay in business corporation taxes are going to be passed on to the consumer and they always will. Every hon. member in the

house knows that no other method can be employed under a system which seeks to retain some measure of profit as an alternative to bankruptcy. All this is paid by the people, and has been taken out of their pockets.

It is true that that is being paid by the people. I have no complaint to make about that statement. It is absolutely true. I also see that he is quoted in the Hamilton *Spectator* as making the same statement in Beamsville. The following appears in that paper:

> This year's budget, he said, meant an average of $315 for every man, woman and child in Canada to pay the Canadian government alone, not including provincial or municipal taxes.
>
> The invisible taxes were much greater than the income tax, and corporation tax was "a second hidden sales tax with every cent being paid by the people."

That is true. All these taxes are being paid by the people. I am not taking any objection to that statement. It is true that all taxes come from the pockets of the people, whether they are hidden taxes or otherwise. But if corporation taxes are reduced, it does not follow that we shall be able to buy goods any cheaper. That is the point. It means only that corporation profits will be greater, and the shareholders of the corporations will get bigger dividends. Therefore the people that the leader of the opposition is interested in are the class of people who own the corporations. I am not surprised at this, because the leader of the opposition leads a party that has always been interested in the people who own corporations. It is nothing new.

You often hear, Mr. Speaker, of after-dinner speeches being made in some of these cities along the central line of Canada and the United States, where they rise to emphasize the imaginary line. I want to say that there is nothing imaginary about this line between Canada and the United States. I would say that as far as trade is concerned, the line between Canada and the United States is an iron curtain. It is an iron curtain that was first established under the Sir John A. Macdonald government, and made stronger under the Tupper government, and then still higher under the Arthur Meighen government and by devious ways and means under the R. B. Bennett government it was made still higher. They had such things as British preferential tariff, and then the most-favoured-nation clause, the general tariff, quotas, administrative orders and everything else. The result is that there is great trouble to get anything out of the United States and into this country. You have to get a permit; then there are quotas, administrative orders, and all the various sections of the tariff. That is what we are up against in this country. I now come to item 491 in the budget, which provides for the expenditure of $1,500,000 for the tourist trade. Personally, I think it is a good thing to encourage tourists to come to Canada and see our lovely country, and try to get them to spend their money here. But I have a statement from the *Free Press* which says that in 1950 Canadian tourists spent $140 per capita in the United States; whereas the United States tourists spent $10 per capita in Canada. There is nothing whatever surprising about that when you consider the different levels of prices. You know, the people of the United States are not any more foolish than we are. I think they are probably a lot smarter than we are. The people of the United States have their own money; they earn that money. They come to Canada, and they look around for something to buy. When they walk into the stores and shops and find that the level of prices is from 15 per cent to 20 per cent higher than they are in the United States they say: What is the use of buying this stuff here? They go home and they buy what they want at home. Many Americans come to Canada, and they would spend the money they have, but they find nothing to spend it on. The only things they buy in this country are gasoline, food and probably a little English chinaware, and a few trinkets that they take home with them just to show that they were in Canada. They walk into the stores, and they see an ordinary shirt. That shirt would cost them $4.95 in Ottawa, but they can get it for $3.95 in their own city, and they say: What is the use of spending money in this country? They look at a refrigerator which costs $400 in this country, but they can buy it for $265 in any city in the United States. The spread in automobile prices is around $500. Many people say that this spread is taken up in the sales and excise taxes. Do not believe that story. The tax on a Chevrolet car today is approximately $353. There is a federal tax on the same car of $129 in the United States, so that the spread in taxes in the two countries is of the order of about $230. The spread between the Canadian and the United States tax is not of the greatest importance; it is the spread the automobile industry collects in this country that makes the difference.

I should not like to close without mentioning one further matter. The farmers of Ontario and Quebec are in a preferred position. Situated here in the central provinces, they are close to the industrial centres where, if there is any little market at all, it is available to them. I say "any little market at all", because it is not very big. Those of us from the west are not able to sell our goods down here in industrial Canada—and I wish to

emphasize that fact. We have had unfortunate experiences with our fish, because we found we could not sell a box of fish in this part of the country.

I say the farmers of Ontario and Quebec are in a preferred position, because they live close to these large industries. We must keep in mind that for the past number of years the federal treasury has been bonusing the Ontario and Quebec farmers to the extent of $6 per ton on feed for their cattle and hogs. I say that, in the light of that fact, it shows a lack of grace on the part of any citizen of either Ontario or Quebec when he criticizes the payment of $65 million received by the farmers of the west for their grain. That is only pin money when compared with the hundreds of millions of dollars we pour into central Canada in the payment of prices that are too high for the goods we buy. I say that hundreds of millions of dollars have been poured in for that purpose, and that it shows ill grace on the part of any citizen of Ontario and Quebec to mention the payment of $65 million. So far as that is concerned, it is a matter of only two or three cents a bushel; so that if a farmer does sell a thousand bushels it is only a matter of $25. That same farmer will buy a Chevrolet automobile and will have to pay $300 more for it than if he could buy it across the boundary line. So I suggest the citizens of Ontario and Quebec should not make reference to that $65 million any more.

Mr. Ferguson: If it is the ideal place, why do you not move down here?

Mr. Wood: Before closing, I wish to comment upon the budget. I believe the budget is a good one. I wish to commend the Minister of Finance (Mr. Abbott) for budgeting on a pay-as-you-go basis. If we are going to cut down on our taxation it would mean that we would have to sell bonds and borrow in order to carry on. I think that would be a wrong policy for Canada at this time, with the country as prosperous as it is.

Again may I say that I commend the budget, and I am well pleased with it. I am not satisfied to see that tariffs have not been reduced but, apart from that fact, I am pleased with the budget and offer my congratulations to the Minister of Finance.

At this point I should like to voice my gratitude to the Minister of Trade and Commerce (Mr. Howe) and the Minister of Agriculture (Mr. Gardiner) for having secured markets in past years. I must say that it is not the price one gets for his product that means everything. Price is a secondary consideration. The fact that he has a market for his goods is the important thing.

One has only to refer to what the condition was in the days of the late R. B. Bennett. He was going to get us markets, and give us big prices. But he did not get the markets. He did not make an effort during that time to get markets for our cattle, and when the United States government passed a measure of reciprocity in 1934 he neglected to do anything on our behalf. It was not until 1936, when the Mackenzie King government took office, that we were able to make any kind of satisfactory deal. So there is no use of members in the opposition talking about markets.

I am not kicking about prices. Although they might not be as high as might be desired, let us have the markets. I offer my word of gratitude, as I have said, to those two ministers, because they have done more for the people in western Canada than have all other men put together.

I could speak much longer, but I believe I shall not do so at this time. I thank you, Mr. Speaker, for your indulgence.

On motion of Mr. Courtemanche the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Graydon: What will be the business tomorrow?

Mr. Harris (Grey-Bruce): We will continue this debate.

Mr. Knowles: That is what the Minister of Public Works said.

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

HOUSE OF COMMONS

Thursday, May 1, 1952

The house met at three o'clock.

ANIMAL CONTAGIOUS DISEASES

SASKATCHEWAN—TABLING OF CORRESPONDENCE AND OTHER DOCUMENTS

Mr. J. G. Diefenbaker (Lake Centre): Mr. Speaker, I rise on a question of privilege again in connection with the return that was passed on March 12, and which reads:

For a copy of all communications that passed between veterinary officials either provincial or federal and the federal Department of Agriculture, together with all records since the 17th day of November, 1951, relative to the cattle epidemic of vesicular stomatitis or foot-and-mouth disease in Saskatchewan, also all certificates or statements of analysis showing the results of the chemical examination of suspected specimens of either of said cattle diseases.

I would ask the minister to produce further documents that today were brought before the committee on agriculture, and that should have been included in this return; also the certificates or statements of analysis, none of which appear in the documents that were tabled here.

Right Hon. J. G. Gardiner (Minister of Agriculture): I understand that the matter referred to by the hon. member was discussed in the committee this morning, and my hon. friend wishes to have the documents which were tabled in the committee tabled here as well. That will be done.

Mr. Diefenbaker: There are still some, other than those tabled in the committee. There are still the certificates of analyses that were ordered to be tabled here, and they have not been tabled in the committee as yet, nor have they been tabled here. The place where those documents were to be tabled was the House of Commons, and I am asking now particularly for these certificates of analyses, none of which was included in the return tabled.

Mr. Gardiner: So far as I know there is one table of analyses which should be in the documents. I indicated that this morning, and it was to have been produced this afternoon in the committee. I am not sure that it is ready for production. If it is, it will be there, but in any case it will be brought in.

QUESTIONS

LIGHT ENGINE PLEASURE AIRCRAFT

Mr. Dinsdale:

1. What light engine pleasure aircraft suitable for flying club use are manufactured in Canada?
2. What is the price of these aircraft respectively?
3. What light single engine aircraft of types similar to the above are imported from the United States?
4. What is the price of these aircraft respectively, in the United States and Canada?
5. What is the tariff imposed on these aircraft imported from the United States?

Mr. McIlraith:

1. There are no light engine pleasure aircraft suitable for flying club use manufactured in Canada at the present time.

2, 3, 4 and 5. Answered by No. 1.

WARTIME HOUSING—SALE OF PROPERTIES IN BRANDON

Mr. Dinsdale:

1. Does Wartime Housing Limited expect to put up for sale its houses with basements located in the 600 block on 22nd street in Brandon?
2. If so, when will these houses be put up for sale?
3. What would the approximate price be?

Mr. Winters:

1. No decision has been taken regarding the sale of these houses which are administered by the Central Mortgage and Housing Corporation. It is not expected they will be offered for sale in the immediate future.

2. See answer to No. 1.

3. See answer to No. 1.

QUESTIONS PASSED AS ORDERS FOR RETURNS

GOVERNMENT DEPARTMENTS—PURCHASING FACILITIES AND MEDICAL STORES

Mr. Balcom:

Have the purchasing facilities and the medical stores of all departments of the government been consolidated into one procurement and one distribution centre under one branch of the government or one branch of the armed services?

FAMILY ALLOWANCES—WINNIPEG REGIONAL OFFICE

Mr. Viau:

1. Is there a family allowances regional office in the city of Winnipeg?
2. If so, on what date was it organized?

3. What were the names and grades of the personnel who organized it?
4. Of the present personnel of this office, what are (a) the names; (b) date of appointment; (c) grade on appointment; (d) present grade; (e) permanent and date made permanent; (f) temporary?
5. How many vacancies exist, and in what grades?

OLD AGE ASSISTANCE—WINNIPEG REGIONAL OFFICE

Mr. Viau:

1. Is there an old age assistance regional office in the city of Winnipeg?
2. If so, on what date was it organized?
3. What were the names and grades of the personnel who organized it?
4. Of the present personnel of this office, what are (a) the names; (b) date of appointment; (c) grade on appointment; (d) present grade; (e) permanent and date made permanent; (f) temporary?
5. How many vacancies exist, and in what grades?

NOLAN V. HALLET AND CAREY

Mr. Diefenbaker:

1. What was the total expenditure, paid or incurred, for (a) legal fees and disbursements; (b) travelling expenses; (c) other costs and expenses not included as legal fees and disbursements, in connection with the Nolan *v.* Hallet and Carey case?
2. Are there any outstanding accounts for solicitors' or counsel fees that have not been submitted?
3. Who were the counsel for the prosecution, and how much did each receive?

GOVERNMENT DEPARTMENTS AND AGENCIES—FIVE-DAY WEEK

Mr. Diefenbaker:

1. Is the five-day week in effect in any department of government, or in a crown corporation or government agency?
2. If so, in what departments, corporations or agencies?

BRIDGES

BURLINGTON—USE OF CANADIAN NATIONAL RAILWAY BRIDGE BY PEDESTRIANS

On the orders of the day:

Mr. F. E. Lennard (Wentworth): I should like to ask the Minister of Transport if he has anything further to disclose on the building of a catwalk on the railway bridge at Burlington for the use of pedestrians?

Hon. Lionel Chevrier (Minister of Transport): I should like to deal first with the question which the hon. member asked me yesterday, which I think is somewhat different from the one he asks now. The question reads in part:

. . . will the minister consider allowing the use of the Canadian National railway bridge for pedestrian traffic?

The management of the Canadian National Railways advise that the railway bridge is a swing bridge and that it is normally left open to allow the passage of vessels and closed only when trains have to cross. There is no walk of any kind for pedestrians, and persons crossing would therefore be required to walk on the track ties. This is obviously hazardous, and the Canadian National feel that before the bridge is used by pedestrians the company should be indemnified against any claims for damages or injuries which might arise as a result of such use. If the municipal authorities concerned are prepared to give a bond satisfactory to the railway relieving the company of any responsibility for possible accidents occurring from the use of the bridge by pedestrians, and will then communicate with the vice-president of the Canadian National Railways, Toronto, consideration will be given to allowing pedestrians to cross the bridge under the conditions mentioned.

Mr. Lennard: I might say, Mr. Speaker, that I believe on one occasion, and that was during the construction of the present highway bridge, the railway bridge was used for that purpose.

INQUIRY FOR RETURNS

FEDERAL AID TO EDUCATION—NON-COASTAL ESKIMO TRIBES

On the orders of the day:

Mr. R. R. Knight (Saskatoon): A question on the order paper in my name was passed by the house as an order for return on March 20. The question related to certain statistical items concerning federal aid to education. I have had no answer as yet to that particular question.

While I am on my feet, I might mention that on Monday, April 7, the house passed an order for the production of certain papers for which I had asked, and as yet I have received no information. I trust that the Secretary of State will expedite these answers.

Hon. F. G. Bradley (Secretary of State): I shall be glad to look into the matter.

IRRIGATION

SOUTH SASKATCHEWAN RIVER—SITTINGS OF COMMISSION IN SASKATCHEWAN

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): Is the Prime Minister in a position to advise regarding the commencement of the sittings of the commission on the South Saskatchewan river project, and also whether sittings will be held in Saskatchewan as it has been determined will take place in Manitoba and Alberta? Will the government ask the commission to endeavour to arrive at an early conclusion?

Right Hon. L. S. St. Laurent (Prime Minister): The only answer I can give is that the government has asked the commission to expedite its proceedings, and has indicated to the commission it was very anxious to get its report at the earliest possible date. With respect to the other matters about which the hon. member is inquiring, I shall have to get the information from the commission and I shall endeavour to do so as soon as possible.

NATIONAL DEFENCE

IRREGULARITIES AT PETAWAWA—APPOINTMENT OF GEORGE S. CURRIE AS INVESTIGATOR

On the orders of the day:

Mr. George A. Drew (Leader of the Opposition): I wish to direct a question to the Minister of National Defence. Could he inform the house under what statutory authority Mr. George S. Currie was appointed to carry out certain investigations which the minister described in this house a few days ago?

Hon. Brooke Claxton (Minister of National Defence): I would have to look it up. I believe there is authority under the National Defence Act.

Mr. Drew: Will the minister take that question as notice and give the information, in view of the other discussions which are taking place which might refer to that subject?

Mr. Claxton: Right.

LIVESTOCK

ASSURANCE TO PRODUCERS OF FLOOR PRICE ON CATTLE AND HOGS

On the orders of the day:

Mr. J. A. Ross (Souris): On Tuesday, April 29, when the orders of the day were called, I directed a question to the Minister of Agriculture, who was not in the house at that time. The question had to do with the steps the department proposes to take to assure that producers of cattle and hogs, especially cattle, will receive the floor price for their cattle which the government announced. There is great dissatisfaction in the Winnipeg yards this week.

Right Hon. J. G. Gardiner (Minister of Agriculture): Mr. Speaker, the position in Manitoba is a little difficult, in view of the fact that we have not yet reached an understanding with the government of Manitoba as to when the embargo which has been placed on the slaughtering of cattle at Winnipeg will be removed. It is a little difficult to operate on that market from our point of view until that situation is cleared up. I must say that the last time that I looked at the market, which was either yesterday or the day before yesterday, the Manitoba market was above the floor price.

Mr. Ross (Souris): Does the minister's statement apply to other provinces as well?—because I understand there has been difficulty outside the province of Manitoba. Some days the floor price has not been paid in Winnipeg, and I understand the same condition has prevailed in certain other provinces as well.

Mr. Gardiner: There are some difficulties in dealing with the establishment of floor prices until such time as we get cattle moving. It is quite true that there are difficulties in Saskatchewan, since there is no place to slaughter cattle from eastern Saskatchewan until Manitoba does permit them to be slaughtered in Winnipeg.

Mr. Ross (Souris): Would the minister say what action is proposed to assure that the producer does receive these prices when the other technicalities have been removed?

Mr. Gardiner: Action in that connection has been taken and a system to put it in effect is established right across the country now. The whole question has been discussed with the board and everyone concerned and a set-up is there in order to deal with it. But there are some features of the actions of some provinces up to the moment which make it impossible to deal with it effectively in certain areas. We must reach understandings there before we can give any further guarantees. The provinces may be within their legal right, but we think there must be more co-operation before we can carry out some things for which we have no legal responsibility and therefore no mode of enforcement. We must reach our conclusions by arrangement and by agreement if we are going to do things which a province has a right to enforce and which they do not want us to enforce.

Mr. Harkness: I wish to address to the Minister of Agriculture a question supplementary to those put by the hon. member for Souris (Mr. Ross). The question is this. Have the floor price difficulties at Calgary, which the parliamentary assistant was out there two days ago to discuss, now been resolved? If so, what settlement was made of them?

Mr. Gardiner: The parliamentary assistant returned from Calgary only this morning. I have not yet had an opportunity to discuss the question with him, since I was in the committee all morning, and so was he. Just as soon as we have discussed the question, I will report further on it.

Inquiries of the Ministry

Mr. Harkness: Can the parliamentary assistant not tell us?

Mr. Robert McCubbin (Parliamentary Assistant to the Minister of Agriculture): I am certainly not going to make any report to the house until I first report to my minister.

Mr. Rowe: The minister certainly has him well trained.

INQUIRY AS TO OPERATION OF BEEF SUPPORT PRICE

On the orders of the day:

Mr. H. O. White (Middlesex East): I should like to direct a question to the Minister of Agriculture. Will he indicate to the house in what provinces the announced beef support price is now actually in operation?

Right Hon. J. G. Gardiner (Minister of Agriculture): Well, Mr. Speaker, where they follow our directions, they are in operation everywhere.

Mr. White (Middlesex East): Are they in operation in the province of Ontario?

Mr. Gardiner: They have been functioning fairly well in the province of Ontario.

Mr. Rowe: Within about three cents.

EGGS

ASSURANCE TO PRODUCERS OF FLOOR PRICE

On the orders of the day:

Mr. H. R. Argue (Assiniboia): I wish to direct a question to the Minister of Agriculture. Is the minister aware of the fact that producers in Saskatchewan are getting as low as 10 cents a dozen for eggs? What steps is the minister taking to see that the floor price for eggs is enforced?

Right Hon. J. G. Gardiner (Minister of Agriculture): The arrangement with regard to eggs is that at any storage across Canada where there are eggs in surplus around about December 1—it is toward the end of the year, the date not being established exactly—those eggs will be taken by the federal government or by the department.

As is known, for the last two years there have not been any such eggs and none have been taken. We have notified some of those who are dealing in eggs that if they continue to pay or if they are paying a price which is below the floor, we are not obligated to meet the condition set out. That is, if buyers of eggs who are putting eggs in storage are, over a period of time, buying eggs at, say 10 cents a dozen, when the price at which we agree to take them over is 38 cents, they have been notified that it will make it extremely difficult, if not impossible, for them to collect from the government.

Mr. Diefenbaker: What check have you on that sort of thing?

Mr. Gardiner: We have pretty fair checks on it.

WHEAT

INTERNATIONAL WHEAT AGREEMENT—PROGRESS OF LONDON DISCUSSIONS

On the orders of the day:

Mr. P. E. Wright (Melfort): I wish to direct a question to the Minister of Trade and Commerce. Can the minister make any statement to the house with regard to the progress, in London, of the discussions on the international wheat agreement? I believe they opened there on April 17.

Right Hon. C. D. Howe (Minister of Trade and Commerce): I cannot make any statement. The discussions are being held in camera. No official statement is being issued by the negotiating group, and probably no statement will be made until the conference ends.

GRAIN

HANDLING OF 1951 PRAIRIE CROP

On the orders of the day:

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, I intended today to make a statement on the crop situation in western Canada. I think it is of interest since this is May 1.

I would like at this time to report to the house regarding developments in connection with the handling of the 1951 prairie grain crop. Members of the house are familiar with the gigantic problem which was created as a result of such a large quantity of grain being harvested in the prairie provinces last fall in a tough and damp condition. As the work of the Canadian wheat board and the board of grain commissioners for Canada comes under the Department of Trade and Commerce, I have followed in detail steps which were taken to deal with the problem within my department and by the Department of Transport.

Since the unfortunate harvest period last fall, the Canadian wheat board had before it at all times a very accurate measurement of the unprecedented quantities of tough and damp grain which were threshed last fall and which had to be dealt with, as far as producers were concerned, in a period of five to six months. As I advised the house some time ago, the tough and damp problem has

involved the acceptance at country elevators of some 250 million bushels of out-of-condition grain.

There are those who felt that this problem was too large to be handled through available facilities, and I must say that many anxieties were experienced by those who shared the responsibility for dealing with this problem.

I feel I am justified in advising the house that the tough and damp grain problem has been looked after, although drying operations will go on for some time within terminal elevators both in Canada and the United States. Western Canada has now experienced about three weeks of dry weather with abnormally high temperatures for this time of the year, and, as a result, good progress has been made in threshing the balance of the 1951 grain crop. Generally speaking, the grain which stood in the fields or in the swath is turning out well and is being threshed in a dry condition. It is apparent now that the problem of threshing is not going to add to the tough and damp problem as it developed from threshing last fall.

In dealing with the tough and damp grain problem during the present crop year, the Canadian wheat board realized that if the problem were to be adequately dealt with large quantities of grain would have to be sold as tough grades. This policy was vigorously pursued and large quantities of out-of-condition grain were merchandized in Canada and in export markets. The United Kingdom in particular has taken a large part of her requirement from Canada in the form of tough grain and for the past five months has been most helpful in aiding us in the solution of our problem. Other importing countries have also taken tough grades. In Canada, the milling industry has steadily utilized tough wheat in its mill mix. The merchandizing of tough grain on the part of the Canadian wheat board has been one of the principal factors in dealing with out-of-condition grain this year. Sales of tough quantities now exceed the quantity dried in Canadian facilities.

Since last December, every effort has been made to keep terminal drying capacity throughout Canada operating as closely as possible to a maximum. Up to the present time some 75 million bushels of tough and damp grain have been dried in Canadian facilities. These drying operations were carried on at the terminal elevators at the Pacific coast, at interior terminal elevators in the prairie provinces, at the lakehead and, in some instances, in eastern Canada. In addition the Canadian wheat board with the co-operation of the board of grain commissioners for Canada, in March and April, moved about six million bushels of damp wheat from country points in Saskatchewan and Alberta to Duluth, Minnesota, and Superior, Wisconsin, for drying. I might add that elevator companies found difficulty in completing their orders to Duluth and Superior, which was an indication that the damp grain problem was easing.

During the winter months, large stocks of tough and damp grain were accumulated at the lakehead and, with the opening of navigation on the great lakes, progress was made in relieving lakehead terminals of excessive quantities of damp grain through the shipment of a further two million bushels of damp wheat to Duluth and the shipment of a further substantial quantity of damp grain to Buffalo. The exact quantity which will go to Buffalo has not yet been determined but it will be sufficient to reduce lakehead stocks of damp grain to manageable proportions. The wheat board has now ordered a further shipment of about 500,000 bushels of wheat to Churchill, and to the extent that damp wheat can be shipped in carload quantities by elevator companies to Churchill, the drier at that port will be used. I might add that the shipment of damp grain from country points is still being given preference.

In summary, I would say that a tremendous job has been done in the last five months by the Canadian wheat board, the board of grain commissioners for Canada and the Department of Transport. To these agencies of the government must go the credit for planning the widespread attack on the problem of out-of-condition grain. Equal credit must go to the railways for the movement of out-of-condition grain into selling positions or to elevators with drying facilities, and to all the elevator companies and local elevator agents throughout the prairie provinces who co-operated wholeheartedly in meeting a problem of unprecedented magnitude. With an early spring in the west this year, there is every prospect for an early harvest, and it is not likely that this country will again experience an out-of-condition grain problem as large and as widespread as the one which has been dealt with during the present crop year.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Wednesday, April 30, consideration of the motion of Hon. Douglas Abbott (Minister of Finance) that

Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Macdonnell (Greenwood), and the amendment to the amendment of Mr. Coldwell.

(Translation):

Mr. Henri Courtemanche (Labelle): Mr. Speaker, on Tuesday, April the 8th of this year, thousands of Canadians were hoping that the Minister of Finance (Mr. Abbott) would at last bring them good news, would at last inform them of substantial tax reductions. We all know, however, what has happened. In this budget brought down by the Minister of Finance, one would search in vain for anything that would encourage the unemployed in Canada, give hope to the victims of the housing shortage, give the heads of families cause to expect any substantial decrease in the cost of living. Our great treasurer has, in brief, decided to maintain taxation at a very high level, the effect of which is to promote unemployment, aggravate the housing shortage and contribute substantially to the increase in the cost of living.

The Minister of Finance should therefore not be surprised if no one has offered him congratulations nor thanks except, of course, those who are duty bound to kowtow to him and especially to approve by their vote the budget he has brought down, however dissatisfied their electors may be with these apparent and hidden taxes the government of this country is constantly levying.

In keeping with the mandate given me by the taxpayers of Labelle county, I shall certainly not approve the budget which the Minister of Finance has brought down. However, I shall take the liberty of paying him a compliment. I can tell him that on the evening of Tuesday, April 8, he made a speech which was marvellously and tragically consistent with the best and the worst traditions of the Liberal party. Having heard that speech and read the newspaper comments on the next day, I was reminded of the speeches of the present Prime Minister's predecessor, which all at once confounded, mystified, intrigued and embarrassed the whole of this country's press.

Moreover, nobody has forgotten that memorable banquet, at the end of which all those present were wondering whether the then head of the Liberal party had resigned or not.

Today, I admit that the Liberals are past masters in the art of saying "yes", while suggesting that they mean "no". A despicable art, if there is one, but an art which remains, I believe, the main cause of the often lengthy period of office enjoyed by Liberal governments.

The Minister of Finance, following in that respect the example set by some members of the Liberal party who now belong to history, has announced that taxes would be reduced while demonstrating at the same time that they were going to increase. He succeeded so well in this task that, the next day, the learned members of the press, all over Canada, were at a loss to express an opinion, and to give an interpretation of this verbal avalanche which served to camouflage a real and truly existing increase of the income tax. It did not take long, though, to see through this most involved situation and *L'Action Catholique* of Quebec, in its Wednesday, April 9, 1952 issue, headlined in the following manner its report on the changes in income tax:

Income tax is lowered but everybody pays more than in 1951.

This Quebec city newspaper had succeeded in condensing hours and hours of speeches into a mere dozen words. I told myself that the Minister of Finance would have done well to follow a course in journalism or to become a newspaperman in order to learn how to think in a more compact manner, how to clarify his thoughts, how to give them preciseness so that after hours and hours of words, sentences and figures nobody would have to say: "What is really happening to us?"

It is obvious that the minister is likely to lose his post the day he will be able to act in such a way because the Liberal party, as has been made clear by experience, does not like its members to make themselves too well understood. That is a luxury that the Liberals can afford only when they have reached the Senate. Indeed, some hon. senators, members of the Liberal party, do not hesitate when opportunity affords to state fully what is on their minds, what they used to think but could not reveal heretofore.

Shortly after his speech in the house, the hon. the Minister of Finance addressed the nation over the radio in an effort to explain the confusion. If my interpretation is correct —but I would not be too sure about it—he stated that in announcing a tax reduction, he had meant that taxation was going to be reduced on the basis of what we were supposed to pay for this year, but that it would obviously be higher than in 1951.

That statement was a little clearer but we may ask the minister what prevented him from being equally explicit before the house.

I know that the hon. minister has in his department a lot of experts who exercise

their wits in order to complicate everything. But the public is fed up with such complications. Our people want things to be clear and clearness can always be easily attained when there is nothing one wants to hide, when there is nothing one wants to cover up, when one does not want to make the taxpayers believe that the moon is made of green cheese.

Therefore the budget speech conforms to the best traditions of Liberal policy as far as ambiguity and apparent contradictions are concerned.

However those gentlemen to the right will answer that the income tax has been decreased although there will be no decrease in fact because of the addition of a social security surtax but they will say we have lowered many taxes, for instance, on washing machines, stoves, appliances, soft drinks, furs, cars, travelling bags, etc. Obviously there has been some relief, but now, if ever, is the time to say too little and too late.

Let us take for example the tax on cigarettes. The minister has lowered that excise tax by three big cents.

But up to now there has been no indication of an increase in the sales of Canadian cigarettes. There is no indication, on the other hand, that smuggling of American cigarettes has slowed down. This means that because of excessive taxation our people are getting used gradually to breaking the law the same as in the United States the corruption there in certain taxation departments of Washington is blamed on excessive taxes.

Because of the fact that taxes on cigarettes are still too high, unemployment will continue in the tobacco industry, producers will remain in a difficult financial situation, and the revenue from taxes on cigarettes will decline.

Why does the Minister of Finance persist in imposing excessive taxes on any commodity at all? Has he not been forced to recognize the fact that he made a serious mistake when he last increased the excise tax on cigarettes and that his estimates of revenue from this source were as wrong as his other estimates?

Mr. Lesage: May I ask the hon. member a question?

Mr. Courtemanche: I have no objection.

Mr. Lesage: Mr. Speaker, I read on page 13 of yesterday's—that is Wednesday, April 30—edition of *Le Droit*, the following news item:

> The hon. member for the historic county of Labelle, Mr. Henri Courtemanche, created some sensation yesterday at the House of Commons by condemning the budget presented on April 8, by the Hon. Douglas C. Abbott.

And if I go on reading that article, I find, word for word, the remarks which the hon. member has just made. Did the hon. member make the very same speech in this house yesterday?

Mr. Courtemanche: I am grateful to the hon. member for Montmagny-L'Islet (Mr. Lesage) for having pointed this out to me. I had not read the paper. I shall explain to him that I had been asked for my text. I am not responsible for its having been published before I actually made my speech.

Mr. Gauthier (Portneuf): Who wrote it first?

Mr. Courtemanche: I do not need the hon. member's help to write my speeches.

Taxes are indispensable to public administration and, when they are levied fairly and logically, they can become a great factor of progress. On the other hand, when they are not levied discerningly they can be a source of destruction, of surprisingly rapid destruction. What is true of the cigarette tobacco industry is also true of other industries, as well as of individuals and the community.

Mr. Langlois (Gaspe): That's right!

Mr. Gauthier (Portneuf): It is in the paper.

Mr. Courtemanche: *Le Droit* knew that I was going to make a speech. It said so in advance to warn my opponents.

The surplus of revenues over expenditures announced by the Minister of Finance could have been used to bring about a reduction in income tax so as to help the taxpayer. I mean a true and real decrease, not a lower tax on what we could have paid but a large reduction on what we have been compelled to pay up to now.

Income tax discourages and depresses. Every Friday or Saturday, when his pay envelope is handed to him, the first thing the worker does is to look for all the deductions. And he discovers that the sum which actually remains in his envelope is very much smaller than the salary that his employer actually hands out to him. If he happens to obtain an increase he feels frustrated again, for he soon realizes that he benefits very little, very little indeed, by that increase, since the income tax has claimed its share, that is, generally speaking, the lion's share. I feel that the Minister of Labour (Mr. Gregg) will be bound to admit that these deductions from the source do not help to improve the relationship between capital and labour. What workers really want—and one cannot blame them for it—is

a net salary which would be big enough to enable them to look after the needs of their families. Often, one is flabbergasted by the nominal salary. But once the compulsory deductions have been subtracted it is quite another story. Our southern neighbours have long spoken of the "take-home pay" when discussing the labour problem.

How can we expect householders to save for the future when they cannot even balance their budget because the Minister of Finance is not the least interested in balancing his?

Of course, government members try to find excuses to justify overtaxation. There is national defence! There is social security!

Let us deal first with national defence. I am all for it and I recognize everything possible should be done when the country is in danger. However, the term national defence is apt to become the perfect pass-key with which the people on the right will elude their responsibilities and duties. Are we to forget that countries have been ruined through ensuring their national defence? Today, one wonders what would have happened, had it not been for assistance from America. And later, when we also shall be bankrupt, who will help us?

If truly national defence were involved, no one would object. We should call it "international defence", defence of South Korea, defence of Germany. It would be surprising to know what percentage of the appropriations for so-called national defence will be spent in Canada for Canada. Is it not true that some people have expressed dissatisfaction because there were insufficient funds for civil defence? Yet, if there be an important feature of national defence it surely is the budget that could be voted for civil defence.

I know that the Minister of National Defence (Mr. Claxton) does not like anyone to criticize the way in which that national defence is organized. I believe, however, that enough things have happened these last few years to allow us to state that, if care is not taken, national defence will really become national wasting of money.

The Minister of National Defence does not like criticisms. But he should hardly expect any congratulations from us for the manner in which those military camps which are not in use at present are being watched and protected.

Social security is also beginning to be a pass-key. Should anyone venture to criticize certain items of the budget he is accused of being opposed to social security. No, I am not opposed to social security. On the contrary, I would like to see it granted in the greatest spirit of charity, generosity and kindness. Should social security, however, be used as a pretext to ruin the taxpayer? Have the experts of the Department of Finance considered what kind of social security we will have, in spite of all possible allowances and pensions, the day this country goes bankrupt?

National defence, social security, these are, in our mind, two arguments but too frequently used by members on the government side to hide their poor administration, their excesses of all kinds, their errors. The real champions of national defence and of social security are not those who think that both these fields call for unrestricted expense but those who demand a closer control for one and the other with regard to the employment of sums levied from taxpayers, i.e. those who oppose attempts to justify all these abuses by putting forward both these arguments as a shield, or as an armour.

If individuals have scarcely benefited from any friendliness on the part of the Minister of Finance, corporations have not been much more fortunate. I believe that the fate of heads of families, in town or country, ought to worry us more than that of large or small corporations. I am sorry to say that it but too often slips the mind that excessive taxation with regard to these companies only falls back on the small man, who in most cases suffers from it to a greater extent. Let me explain. An overtaxed corporation cannot be developed nor expand as it would want to do.

It is thus prevented from establishing a great number of new jobs which our 370,000 or so unemployed would certainly not fail to welcome. Besides, and that is the most important point, a corporation or company is made up of hundreds and thousands of small shareholders, such shareholders being, very often, widows, orphans, workers saving for the future, far-sighted farmers and numerous small wage earners.

Any attack launched against the big companies is also directed against those very people. Banks and insurance companies are called upon, in many cases, to provide the funds needed by a good many concerns. Whenever corporations are overtaxed, banks and insurance companies are hard hit as also are, indirectly, those with small savings or insurance policies.

Whenever a tax is imposed, whatever that tax may be, it is like a stone cast into the water. Upon hitting the water, the stone starts a constantly widening circle. The consequential effects of a tax are a bit similar to those ever widening circles. They never reach but a small group; yet as a consequence the whole nation is made to suffer. No matter how we tax, tax again and overtax the big interest, the small wage earner will always be the one to suffer most, and a day will come when only those of extremely moderate means will be left to bear the whole burden of taxation.

I would like to say a few words about the taxes levied on crown companies in the new budget. In my opinion, crown companies should not be exempt from any municipal or provincial taxes. But I am wondering what difference it can make to the federal treasury whether these companies pay federal taxes or not. Is it not true that whatever deficit they have will be made up by Ottawa and is it not true that if they register a profit, it will go into Ottawa's coffers?—at least we hope so. This will undoubtedly require more red tape, more bureaucrats and more civil servants; it will increase the cost of administration. In a word, it will increase the taxpayers' burden and nothing more.

In fact, would it not be a means of sheltering those companies from criticism on the part of members of parliament, of sheltering them from the indiscreet and inquisitive investigation of the people's representatives, at least of those in the opposition? Could these taxes paid into the federal coffers not be used as an excuse to strengthen the immutability of the bureaucrats who administer those government enterprises? I must say that it looks pretty fishy to me.

The Minister of Finance abolished the 15 per cent tax on washing machines, stoves and refrigerators. In so doing he merely put an end to an injustice but he cannot make up for all the wrong done through a tax that was both so unfair and so ridiculous. Who could ever conceive that a washing machine, a stove or a refrigerator could be considered as luxuries and taxed accordingly? We do not know a single housewife who considers her stove as a luxury any more than she believes she is using an article of luxury on Monday mornings when she starts to do her weekly washing. As far as the refrigerator is concerned, under modern living conditions, due to our small accommodation and to the necessity of making use of all that is bought, because everything is so dear, it has become indispensable in most cases. We heartily approve the abolishing of the 15 per cent tax on those articles but abolishing that tax does in no way make up for the wrong that has been done these last few years.

(Text):

In conclusion may I say that the people of Canada are too heavily taxed. Our taxation has reached a point where it is nothing less than a tragedy, because it has brought about a crisis in unemployment and a shortage of living accommodation. About a year ago, on April 14, 1951, the day after the budget speech of that year, which was not any better or more promising than this budget, a Liberal newspaper of Montreal, *Le Canada*, tried to cheer up its readers by stating that there were other people much more heavily taxed than we were, the people of Great Britain. That was a poor consolation, if you ask me, but it perhaps was a very good illustration.

If today the people of England are more heavily taxed than we are, if they are facing a national economic crisis, it must be attributed to the heavy taxation which has been imposed for the purpose of national defence and social security. There was a time when the people of Great Britain had to undergo all kinds of sacrifices in order to ensure the national defence of their country, but afterwards the expenditures on social security were certainly exaggerated.

Some time ago the main object in Great Britain, as it is in Canada today, was national defence and social security. Now they find their national defence is in danger and social security cannot be ensured any more. To avoid bankruptcy they have had to go backward. It may be found in the near future that we in Canada will have to do the same because our system of taxation may become an instrument of ruin instead of progress.

Two thousand years ago Isocrates, the Athenian, said that those who were making money should be considered as criminals and punished more severely than criminals themselves. If that man came back to earth today and saw the new budget of the Minister of Finance, he would have to say, as I say myself, that today it is not only those who make money who are punished as criminals; it is also those who earn a simple and modest living.

Mr. G. T. Fulford (Leeds): Mr. Speaker, during the first two months of this year I

came to the conclusion that Canada was Utopia, and it was not until my return from South America to Canada and to this chamber that I realized, from the speeches of hon. members across the way, that perhaps all was not well here. My wife and I travelled to South America by sea. It took us nineteen days to go from New York to Buenos Aires. During those nineteen days I had many conversations with citizens of the United States prominent in business, governmental and military circles in their country. Without exception these men spoke of the envy they felt of this country. One of the chief points they emphasized was the fact that Canada had a large surplus, and that since the war we had written off over $2 billion of our national debt. These are matters which seem to be the source of great complaint in Canada, according to hon. gentlemen opposite and a certain section of the press of the country. But I can imagine the howl that would go up in that same section of the press if Canada should have deficit budgeting year after year and pile up our national debt to unheard of heights.

High taxes are not pleasant for anyone. I am sure everyone in this chamber will agree that I should have no love for high taxes. Like many others, I think of yesterday, April 30, as probably the blackest day of the year. But the fact remains that the rest of the world knows of our financial set-up, of our great industrial development and of the progress this country is making. It is not easy for the government to maintain high taxes. It would be much easier to lower them and get in right with everyone and it is not easy to introduce credit restrictions. But one has to leave our own shores to appreciate just what the policies of this government have done for this country and how much better off we are than any other nation on earth.

Speakers on the opposition side have made much of the fact that the purchasing power of the Canadian dollar today is roughly 50 per cent of what it was before the second world war. I wonder how these critics would feel if they lived in a country whose currency had depreciated by one-sixth or one-tenth or even one-fiftieth, and where the cost of living had risen sixfold while wages had only doubled. These are manifestations one sees outside Canada, which drive home how beneficial have been the policies adopted by the Minister of Finance (Mr. Abbott) in particular and the government as a whole. I wonder how they would feel if our credit had shrunk to such a low level that we were unable to make purchases from foreign countries. Yet that is exactly the predicament in which many other countries find themselves today; and that is not restricted to South America by any means.

I happened to be in Brazil the day the Canadian dollar reached parity in relation to the United States dollar, and I was astounded to see that the newspapers in Rio de Janeiro headlined that fact. To Brazilians it was a great achievement, an almost unbelievable *fait accompli*. In Brazil much is known about Canada because of the development of hydroelectric power in that country by the Brazilian Traction Company, and the extraordinary personality of our former ambassador there, Mr. Jean Desy. Wherever you go, when it is discovered that you are a Canadian you are immediately told, "What a wonderful job your ambassador, Jean Desy, did for you in our country." I might add that the visit of Lord Alexander did much to cement the friendship between the Republic of Brazil and the Dominion of Canada. The film board has also done a great deal, not only in Brazil but throughout South America, to help our neighbours of the Americas become Canada conscious. Wherever I visited our trade commissions and embassies I was told there was a constant demand for more and more pictures produced by the Canadian film board.

I was very interested in a line-up I saw in front of one of our embassies in South America. It was made up of newly arrived Italian immigrants who were trying to obtain entry visas to Canada. In some way a false rumour had started that the Canadian embassy was granting Italian immigrants visas to go to Canada. In spite of repeated denials by our chargé d'affaires a new line-up formed each morning in front of the embassy doors, waiting to see the proper officer, hoping to obtain visas. To me that showed in no uncertain manner how anxious the people of other countries are to come to our shores, which hold out so much promise to them.

In Chile I discovered a large potential market for Canadian products. Unfortunately we do not buy enough from Chile to give that country the credits to enable it to make purchases here. In many respects our economies are parallel, and there is very little that we can exchange. I would suggest, however, that if Canada needs more nitrates during this period of national defence construction, or more copper, those products be obtained from the Republic of Chile. I believe that Canada could buy certain fresh fruits and wine from Chile. Our seasons are exactly opposite. When it is midwinter in Canada, it is midsummer in Chile. The fruits of that country are of a superior quality, and by

importing those fruits it would be possible to furnish Chile with some Canadian foreign exchange.

Last week while in Montreal I was surprised and gratified, on going into a fruit store, to be able to buy Chilean grapes. I only hope that this is the beginning of a large trade in that particular line. I am quite certain that were we to purchase more from Chile, she would come to Canada and buy large quantities of wheat, dairy products and manufactured goods.

In passing, I should like to note that I flew from Santiago, Chile to Buenos Aires on an airplane operated by British Overseas Air Corporation. I am particularly happy to say that this plane, although termed an Argonaut by the British, is in fact a Canadian-made North Star. At 19,000 feet we flew safely and comfortably, and I might add proudly, through the various passes in the Andes mountains, with the mighty peaks towering above us in some instances 3,000 to 4,000 feet. In speaking to a member of the crew of that airplane I was told that B.O.A.C. consider their Argonauts or North Stars one of the safest and most rugged of any aircraft flown by that company. I may tell the hon. member for Winnipeg North Centre that while in South America I travelled on no less than four air lines, and on each one of those air lines both wines and cocktails were served. You know, the drinking habits in South America are considerably different from those in Canada. In order to meet competition the air lines are forced to serve wine and cocktails, just as they are to serve meals. No one is required to take the wine or cocktails and I know that my hon. friend would be like me and refuse them. The fact remains that throughout all these southern latitudes it is the accepted thing that air lines serve wine and cocktails.

The one great tragedy I noted when visiting the great South American ports like Rio de Janeiro, Santos—the greatest coffee exporting ports in the world—Montevideo and Buenos Aires, was the almost total lack of ships flying the British flag. In fact, in the four ports I only spotted one British flag, and that was on a royal mail steamer in regular service between South America and England. I mention this, and I repeat that I consider it a great tragedy, because it shows how much British trade has been diverted from world markets to the dominions and colonies within the sterling zone.

While in Port of Spain, Trinidad, I made it a point to enter quite a few of the smaller shops, chiefly grocery stores. I found that virtually all the goods displayed were of British origin or perhaps I should say British commonwealth origin. Unfortunately, the display of Canadian goods was conspicuous by its absence. For instance, one could find quantities of cheese and butter from New Zealand and Australia. In exchange Trinidad sends tinned citrus fruit to New Zealand. I discovered also that virtually all of the dried and smoked fish on display came from the Scandinavian countries. Formerly, this type of goods was supplied by the great maritime provinces of Canada. It does not seem right or economically sound that all this trade has to be diverted away from Canada. Certainly, it is an economy that is built on false premises. We could use all the tinned citrus fruit that Trinidad could produce. We could use much of their fresh fruit and yet, under the present system, this fruit is being sent halfway around the world.

I was asked, while in Port of Spain, why it was that Canada was no longer buying all its cane sugar requirements from the British West Indies. My answer was that we were buying some of our sugar from Cuba for the simple reason that Cuba would trade with us. In order to sell, one must buy and the man to whom I was speaking agreed. The next question he asked me was, "Would you consider bringing the British West Indies into confederation as the eleventh province"? I said that frankly I had not given the matter any consideration and I did not think anyone else up here had considered it sincerely. He said, "Take this message home with you: a lot of consideration has been given to that in the British West Indies." Actually in developing new or old markets for our dairy products, agricultural products and our fisheries, it would go a long way in solving a very knotty problem. I have particular reference to the cheese problem that is so evident in the provinces of Ontario and Quebec. It is not my intention, Mr. Speaker, at this time to go into all the ramifications of the cheese problem, because I have had many talks with both the Minister of Agriculture (Mr. Gardiner) and his parliamentary assistant. They well know my stand on this important matter.

Just a week ago today I had the opportunity of accompanying delegations of cheese producers and milk producers from the counties of Leeds, Prescott and Glengarry to an interview granted us by our Minister of Agriculture. It was one of the longest and one of the most understanding interviews, I believe, that I have ever had with a cabinet minister. I believe that the minister explained his position clearly. However, I should like to say that if the cheese producers are unable to make satisfactory arrangements through their own association in conjunction with the marketing board of Ontario, the marketing board of Ontario and the federal Department

of Agriculture should get together in a spirit of co-operation to devise a method of keeping the cheese market at a reasonable level.

Cheese is a vital agricultural industry throughout the provinces of Ontario and Quebec, and especially in eastern Ontario. It would indeed be a tragedy for our dairy agriculture as a whole if the price of cheese should break or if the bottom should drop out of the market. I should therefore like to suggest that when a floor price is set for cheese, it should be high enough to reimburse the producers for the capital they have invested and for the wages that are paid. There is, of course, such a thing—and we saw it work last year—as overpricing an article, when it becomes profitable for other countries to export their products to this country in competition. But there must be some point in between where the milk producers and the cheese producers of this country will be adequately reimbursed for their labour and for their capital invested and at the same time there will be produced a market where competition from outside sources will not be too heavy.

I am firmly convinced that there is a market for our cheese right in our own country, and that every effort should be made by all concerned—by the Ontario marketing board, by the Ontario cheese producers' association and by the federal Department of Agriculture—to get our cheese right across Canada, and to get the people of Canada cheese-conscious so that our people eat at least as much cheese as the people of Britain ate before the war. If we did that, we would absorb all the cheese that is made in this country and there would still be room for imports. In the meantime let us do all that we can to fill our needs from our own market, along with an attempt to get rid of any surplus stocks that are on hand in the markets of the world.

To return to the budget for a moment, I cannot agree with my hon. friends opposite when they say that the general public is displeased or even agitated. In fact, most people were prepared for the type of budget that the Minister of Finance (Mr. Abbott) presented. We know that taxes are high; but to avoid a third world war we must do our share as a member of the United Nations and of NATO. At this point I should like to compliment the hon. member for Greenwood (Mr. Macdonnell)—and I wish he were in his seat—for his patience and perseverance in finding in a United States publication adverse criticism of the Canadian financial structure.

I have always had a high regard for the *Atlantic Monthly;* but after all, it is not the type of magazine that has a wide circulation. However, we see in the great national weeklies such as *Time, Newsweek, U.S. News and World Report,* in magazines such as the *Reader's Digest,* and in the great dailies such as the New York *Times* and the New York *Herald Tribune* references to Canada's fiscal policy, all of which are in the most glowing terms; and in the great financial papers such as the *Wall Street Journal* we see great recommendations for investment in Canadian stocks. I would ask this question, Mr. Speaker. Could it be that the *Atlantic Monthly* is like the person referred to in the old song: "They were all out of step but Jim."

The budget is really straightforward enough when one considers what the taxpayers would have paid under the terms of the old budget. By the wildest stretch of the imagination no one could accuse the Minister of Finance of trying to deceive the public. The Minister of Finance gave what would have been collected in taxes, and what we would have had to pay had the terms of the 1951 budget continued throughout 1952, and he compared the difference in taxes we would be paying under the new tax scheme.

For a moment, Mr. Speaker, I should like to deal briefly with a subject that has been discussed both in the Ontario press and in the Ontario legislature. It is a subject about which, strangely enough, little has been said until recently, although it was six years ago when the then minister of finance allowed the provinces not coming under the dominion-provincial tax agreement to collect 5 per cent of the dominion income tax levy, which amount was deductible from the gross income tax payable by the individual taxpayer to the federal treasury. It would appear that the provincial government found income tax so distasteful that it was unwilling to set up the necessary machinery to collect this income tax. As we know, Ontario along with Quebec did not choose to enter the dominion-provincial tax agreement. There may have been good grounds for not accepting the formula proposed at the last dominion-provincial conference. Certainly Ontario has not fared badly during the last five years. This has resulted, no doubt, from the gross national product being much higher than could have been contemplated. The 1947 agreement provided for payments based on the gross national product and population data for three years preceding the year of payment. Ontario's collection from corporation income taxes and succession duties reflected this rise more quickly than the payments provided for under the three-year formula tax agreements.

In his most recent budget speech on February 21, 1952, the treasurer and premier of the province of Ontario produced a table to show the total collection from corporations, succession duties, statutory subsidies and excess mining and logging royalties. Over the five-year period the taxes I have just mentioned amounted to $456,300,000, which is about $7 million more than the total rental payments of $449,500,000 which the province would have received under the tax agreements. The total of $456,300,000 shown in the table also includes $10 million for uncollected corporation taxes, succession duties and mining and logging taxes. The province will have to wait a number of years to collect all these arrears. On the other hand, the total of $449,500,000 which Ontario would have received during the five years of the tax agreement would have been fully paid up as of June 30, 1952.

The Department of Finance has informed me that under the new tax agreements, to start in 1952, payments will be adjusted on the basis of the G.N.P. for one year immediately preceding the year of payment instead of three years. This results in the rentals payment reflecting more quickly any change in the economic position. It is interesting to note that the estimated payment to Ontario in 1952-53 under this proposed new agreement is considerably in excess of the amount Ontario estimates it will receive from using the tax fields in question. I would like to place this short table on the record:

Estimated payment to Ontario under new agreements in 1952-53—$137·5 million.

Amounts Ontario expects to collect in 1952-53: (as shown in forecast of revenues for 1952-53 in Ontario budget speech February 21, 1952).

	million	
Succession duty	$16	
Corporations tax	89	million
Statutory subsidy	3·6	$108·6
Excess under a tax agreement		28·9

It is estimated that the payment to Ontario under the new 1952-53 agreements will be $137,500,000. These are the amounts reported by the premier and treasurer on February 21, 1952, which Ontario will collect should it again decide not to come into a dominion-provincial tax agreement. This amount shows succession duty, $16 million; corporation taxes, $89 million; statutory subsidy, $3,600,000; or a total of $108,600,000. Subtracting $108,600,000 from $137,500,000 you get $28,900,000 to the good should Ontario enter the new dominion-provincial tax agreement.

I would not presume to advise the premier and treasurer of Ontario whether the province should or should not come under the new agreement. But if it should decide not to, I would respectfully suggest that if the province is unwilling to collect the 5 per cent allowable income tax, the provincial government permit the municipalities within the province to do so. This would not set a precedent, because municipal income taxes were permitted in the province of Ontario prior to 1936. Probably this would require authorization from the federal Minister of Finance (Mr. Abbott), but I can see no reason why this should not be allowed under the offer already made to the two provinces of Canada not signing formal tax agreements. It would not cost the income tax payers of Ontario any more than they are already paying, and it would help the hard-pressed municipalities where real estate taxes have more than doubled since the war. I might say that the tax rate in the two larger municipalities in my county, the towns of Brockville and Gananoque, are, by a strange coincidence, both set at 86 mills, making it unbearable for the property owners.

By allowing the municipalities to collect income tax it would assure them of a steady income, and it would more than supplement the uncertain subsidies now granted the municipalities in the province.

In conclusion, I should like to say that to appreciate this country one must investigate conditions in other parts of the world. It is true that we are not satisfied with all that is going on here. If we were satisfied, we would cease to make the progress that is so vital to our future. We have advanced more than any country in the world since the war, and, I might add, we are the envy of all, but the fact remains we must seek to move forever forward and forever upward.

Mr. C. E. Johnston (Bow River): Mr. Speaker, I want to speak for a while today about two things. I want to refer somewhat briefly to the budget, and then I wish to spend some time on national housing. Before I do either of these things I should like to make a few comments about the remarks made by the hon. member who has just taken his seat.

At the opening, and again at the closing, of his remarks, he laid particular emphasis on the fact that Canada had had such a wonderful period of prosperity. Of course, that is true; it is very true indeed. But he took great satisfaction in saying that the federal government was largely responsible for that. Of course, that is not true. The first remark was true; the second one was not.

Mr. McIlraith: Oh, yes, it was.

Mr. Johnston: Oh, no, it was not.

Mr. McIlraith: Yes, it was. Good fiscal policies are great factors in the economic position of the country.

Mr. Johnston: The only federal influence on prosperity is the preparation for war. If that preparation for war were taken away today, we would find ourselves right in a depression again.

Let us look at the prosperity that we have had across this country. Let us take one good example. Let us take Alberta. What has the federal government done for Alberta?

Mr. McIlraith: Marketed the wheat crop.

Mr. Johnston: And they beat us out of $504 million coming to us.

Mr. McIlraith: Do you remember the time—

Mr. Johnston: They tried to satisfy that $504 million claim with a measly gift of $65 million. That is what they did for us. I will tell you something more that the federal government did for Alberta. In Alberta there has been a great industrial expansion in the field of oil. But let us look at the position of the Canadian prospectors in the province of Alberta when it comes to comparing the tax relationship between Canadian investors and United States investors. In the field of drilling in the province of Alberta the United States investor gets a much better deal from the United States government than the Canadian investor gets from our federal government. That is an operation suffering a great handicap for Canadian capital investment in oil production in Alberta. But, despite that fact, and owing largely to American capital investment, that business is progressing very rapidly in western Canada.

We remember that during the war the federal government spent around $5 million by way of investments in the tar sands of Alberta. The work done by the federal government was absolutely of no use. Then for some reason or another, mysterious or otherwise, at the close of operations the plant at Fort McMurray burned up.

On the other hand the provincial government had gone ahead and carried on development of the tar sands to the point where, when the last report was put out, it is now feasible, both economically and commercially, to extract the oil products from the tar sands, and to compete in the commercial field with the wells being drilled.

Mr. Prudham: But they had all the advantage of all the experimental work and research work of the federal government.

Mr. Johnston: The federal government never did a thing, even though there was a war on. They never came to the point where they could successfully separate the oil from the sand.

Mr. Prudham: They went a long way toward it.

Mr. Johnston: They started back before 1914, and what developments did they make? The development carried out by the federal government in connection with the tar sands, from away back in 1914 up to the present time, is very little, compared with what has been done by the province, and when compared with the progress the province has made since the federal government burned up that plant at Fort McMurray.

Mr. Prudham: That's a lie. They did not burn up their plant.

Mr. Johnston: I should not say deliberately, but it burned up.

Mr. Prudham: They have not solved the problem yet.

Mr. Johnston: According to the last Blair report, they have solved it. But perhaps you are a better authority than Mr. Blair, who is an engineer and took pains to prepare a report upon it.

Let us see what the federal government has done for western Canada in the field of freight rates. I am going to give them a good deal of credit because, after about a hundred years, there had been some equalization of the transcontinental rate. But the action now being taken by the railway companies will greatly nullify any benefits those of us in western Canada received from the transcontinental rate.

I suggest that throughout the history of this country the rate structure has been such as to impede, to a great degree, the industrial development of western Canada. Yet the western provinces are advancing, despite the federal government.

When the hon. member for Leeds (Mr. Fulford) and the Minister of Finance (Mr. Abbott) say that our national product has reached an all-time record of $22·5 billion, they do not need to be so cock-eyed sure of themselves. They do not need to throw their chests out and say, "See what we have done."

Mr. Knowles: Just cock-eyed.

Mr. Johnston: It is the private industries and the provincial government that have been responsible for the industrial development of Canada—and that, despite the handicap put on through taxation and otherwise by the federal government.

Mr. McIlraith: You are talking as though there was a provincial election out there.

Mr. Johnston: We do not have to worry about that. We can look after that quite well.

Mr. Prudham: They are worried this time.

Mr. Johnston: And, incidentally, they are going farther afield, so that some of the others had better watch their step, too.

For a moment let me refer to the national debt. But before I come to that may I say a word about the budget, because a discussion of the budget will lead to a discussion of the national debt. According to the Minister of Finance, the estimated expenditures for this year will be $4,270 million, but he has budgeted for $4,279 million, leaving a surplus of $9 million. The hon. member has just referred to a provincial election, and he may have had in mind the fact that it looks much better to estimate a surplus of $9 million than to estimate a surplus of $722 million, which was the surplus in the first nine months of last year.

Of course everyone knows that that is not going to be the surplus. So why make it the estimated surplus? Even the Minister of Finance and his parliamentary assistant know quite well that the surplus will be much greater than that. Why, last year—

Mr. Sinclair: Mr. Speaker, since the hon. member has tried to put words in my mouth, in company with the Minister of Finance I do believe that the surplus will be as he has indicated. If however Canada continues to expand under a Liberal government, as it has done in the past, we might have more revenue —and we hope we will have.

Mr. Hees: Despite the Liberal government.

Mr. Johnston: I will accept the statement of the parliamentary assistant, that in his judgment, and the best judgment he can get from departmental officials, the surplus in the next year will be $9 million, if conditions stay the same. If conditions stay the same as they are we are positive that the surplus will be somewhat close to what it was last year—and that is a long way from $9 million. So the only thing I can say to the parliamentary assistant is that his judgment is going to be exceedingly poor. It may be the best he has, I will grant that; but I do not think one has to be a prophet to estimate that, if things go along as they have been, the budget surplus will be around $300 million or $400 million—and that is a long way from $9 million. It may be that my estimate is a long way out; probably it will be. But I do not have around me an array of experts to make estimates. But I will bet the parliamentary assistant anything he likes it will be closer to the sums I have mentioned than to $9 million.

The Minister of Finance has told us that in the year 1951-52 the national debt was $11,473,300,000, and he pointed with pride and satisfaction to the fact that they were able to reduce the national debt by $355,-700,000. Of course he did not say that the people had been overtaxed, that there had been an unnecessary increase in taxation.

He says that this is a proper procedure and, when he was speaking, I think the parliamentary assistant said the same thing.

Mr. Sinclair: Quite right.

Mr. Johnston: They agreed that during a time of prosperity it was good practice to put on a little more taxation, and to reduce the national debt. Well, we have had a Liberal government since 1935. The war started in 1939, at which time the national debt was $3,152 million. A Liberal government has been in power since 1935, and during its term of office the national debt has risen from approximately $3 billion to over $11 billion, including deductions.

An hon. Member: Why?

An hon. Member: What was responsible for it?

Mr. Johnston: The federal government was responsible for it, and nothing else.

An hon. Member: Ever hear about the war?

Mr. Johnston: There was a war on, but—

Mr. Sinclair: He took good care not to hear about the war.

Mr. Johnston: What is that?

Mr. Sinclair: When the hon. member made that statement I said that there had been a war, and then I said that since he ignored the fact there was a war between 1939 and 1945, and took good care to ignore it—

Mr. Johnston: I did not ignore the fact that there was a war. You should wait until I finish my sentence. When I said they did make an increase you said there was a war on. But who was responsible for raising the debt up to $3·5 billion, if it was not the federal government? There was no war on then. But even though there was a war from 1939 until 1945, the financial policy followed by this government was to borrow unnecessarily from financial institutions and chartered banks, thus creating a tremendous amount of debt.

Mr. Sinclair: And borrowing from the people of Canada. We paid for over half of war financing out of current taxation.

Mr. Johnston: The hon. member for Red Deer (Mr. Shaw) wants to know what happened between 1935 and 1939 when there was no war and yet our national debt kept climbing and climbing.

Mr. Sinclair: How much?

Mr. Johnston: From about $2,000 million to over $3,000 million. Of course you do not call that much. I am speaking only from memory. The parliamentary assistant probably has some financial assistants behind him and he will be able to put the figures on the record. I turn now to page 1249 of *Hansard* where the minister is reported as having said this:

> This is the sixth successive year in which we have had a surplus—

He should have called it overtaxation, incidentally.

> —and it brings to the very large and gratifying total of $2,344 million the amount by which we have been able to reduce the net debt of Canada since April 1, 1947. Applying the current average interest rate of 2·65 per cent on our outstanding debt, this represents interest savings of more than $62 million a year.

It is said a total of $62 million has been saved the taxpayer by that reduction of $2,344 million, but how much has this government unnecessarily taxed the people because they have increased the national debt from around $3,000 million to over $11,000 million? That is the question. No wonder interest payments on our national debt are now over $441 million. Subtract the saving of $62 million from that and you find that because of the improper and inadequate financial policy of this government the Canadian people are being forced to pay that amount.

I want to turn to page 1252 of *Hansard* where there is another gem that I want to read. Before I do that I should like to refer to something the minister has said on a number of occasions. In order to avoid being accused of improperly quoting the minister I will quote his words as reported on page 1254 of *Hansard*:

> In other words, the average taxpayer will pay six per cent less than he would otherwise have done under the income tax law as it now stands.

The hon. member for Leeds (Mr. Fulford) referred to that a moment ago and that is why I am putting it on the record. I contend that any person reading that statement would come to the conclusion that he was going to have his taxes reduced this year by six per cent. I say that because nearly all the newspapers, the worth-while ones anyway, interpreted that statement as indicating that there was going to be a reduction. They pointed out that the people of Canada naturally expected a reduction, but of course such was not the case. Without repeating all the figures that have been placed on *Hansard* regarding this, let me mention just a few. A taxable income of $1,000 will face an increased tax of 12·1 per cent. A taxpayer with a taxable income of $3,000 will pay as much as 11·6 per cent more. The fortunate person with an income of $398,000 will pay only 5·1 per cent more. I do not intend to quote many more figures in that regard although many more could be put on the record.

It will be seen from that that the ones who are being penalized, the ones who must pay the greatest increase, are those with low incomes. That is exactly the place where increases should not have been applied. I was somewhat amused in reading the speech of the Minister of Finance to read the following as reported on page 1252 of *Hansard*:

> There will be no net increases in the taxes paid by corporations—

And then further down:

> In considering the over-all tax position of corporations under this new structure it should be remembered that there is an additional two per cent tax on all corporate income imposed under the old age security act. To sum up, then, the top corporate tax rate in Canada will be 52 per cent in eight provinces and 54 per cent in Ontario and Quebec.

This is the pathetic part:

> Quite frankly, I am concerned that conditions make it necessary to maintain in our tax structure rates as high as this on business profits. My main concern is not with the current year or even possibly with next year. The ill effects of too high taxes can perhaps be endured for a year or two. But as I said last year, excessive rates of tax on corporate incomes if long maintained can do grave damage to the economy as a whole, and I say quite candidly that if I had more leeway for tax abatement it is to income taxes, both corporate and personal, that I would give first consideration.

You can see from the figures I have just placed on *Hansard* that the consideration increased taxation was not with the poor of the Minister of Finance with regard to man, was not with the man with the low income. I agree that corporate taxation is high when it comes to 52 or 54 per cent; but, if consideration must be given, in my judgment it should be given to those in the low income brackets. When you look at the balance sheets of the large corporations you find that they all indicate increased profits. While taxes were reduced on certain commodities, I venture to say that in no case could you find that reduction reflected to the full extent of the tax reduction. Nearly all of them showed increased profits because of the reduced taxes.

Mr. Martin: Was the tax reduced on automobiles?

Mr. Johnston: Yes, the tax was reduced on automobiles but the prices of automobiles were not reduced by the full amount of the tax.

Mr. Martin: Were they not?

Mr. Johnston: No, they were not.

Mr. Martin: Yes, they were, I am sorry.

Mr. Johnston: They were not in western Canada because I have the prices right here.

Mr. Martin: I would be glad to have them.

Mr. Johnston: I said that I wanted to divide my time up between two subjects, the first being the public debt and the other national housing.

Mr. Martin: Will the hon. member send me those figures privately or put them on the record?

Mr. Johnston: I will.

Mr. Lennard: The hon. member is right because that is what happened in eastern Canada.

Mr. Martin: They say not.

Mr. Knowles: Whose speech is this?

Mr. Johnston: I may say to the Minister of National Health and Welfare that I have a clipping in my desk. I will get it and send it to him.

Mr. Martin: I thank my hon. friend very much. He is always most kind.

Mr. Johnston: I hope I shall always be. I always give credit where credit is due. I want to speak now about our housing problem. I do not think there is an investment in Canada or anywhere that can bring a greater return in happiness and contentment than the owning of homes. The National Housing Act was put into force because the government hoped that it would bring about increased and better housing. When the Canadian Congress of Labour appeared before the government on March 27, 1952, they made the following submission, and I quote from the *Canadian Unionist* of April:

> The Curtis committee estimated the accumulated housing backlog at the end of 1945 at 648,000 units. For the four years 1946-1950, and the first three-quarters of 1951, net family formation is officially estimated at 484,500. Housing wastage by fire, demolition, etc., was probably around 48,500. Total current housing needs for the period were therefore about 533,000 units, while total housing completions in the period were about 472,000. We built more housing than ever before in our history, but we did not even keep pace with the current need, let alone cut into the backlog. On the contrary we fell further behind. The total backlog is now probably over 710,000 units.

Taking an average family of three people, a backlog of 710,000 units would mean that over two million people are without proper housing. That is not a very good thing for Canada. Housing conditions in this country should be improved, and in my judgment two things should be done. Building regulations under the National Housing Act should be so revised that more houses would be built, and more important, so that better houses would be built. I have here a booklet recently issued by Central Mortgage and Housing Corporation setting out the building standards under the housing act. On the title page it says:

> Minimum requirements for planning, construction and materials for buildings upon which loans are made under the National Housing Act, 1944.

Then in a little box on the front page it says:

> It is imperative that every borrower examine these standards.

I wonder why that should be so. I am going to say that the reason every person should examine these standards very carefully is to give the borrower the assurance that his house will be built according to the plans and specifications set out in this government pamphlet. You may say that the plans and specifications as such are not set out here. That is true, but the standards upon which those plans and specifications are based are carefully and minutely outlined in this booklet. Let us turn to the first page, where the heading is, "The National Housing Act, 1944. Central Mortage and Housing Corporation building standards for urban, suburban and farm housing." The first paragraph reads:

> The standards for housing in respect of which joint loans may be made are prescribed under section 5, 2(a) and (b), section 10, 2(a) and (b) of part I and part II and under section 14, 2(b) of part III.
>
> These standards shall apply to detached, semi-detached, duplex, semi-detached duplex and row housing. They are not intended to apply to apartment houses.

It says these standards have the force of law, and it gives the chapters and sections of the statute. There should be no question but that when a borrower takes the advice of the government and carefully examines these standards he is justified in coming to the conclusion that they should have the backing of law. Down a little on page 5 under the heading "general conditions" I find these paragraphs:

> (e) Changes from the approved plans and specifications of the project on which a loan commitment has been made will not be permitted without first obtaining written approval.
>
> (f) The prospective borrower is advised that construction shall not be started until plans and specifications have been approved by C.M.H.C.
>
> (g) The applicant or his contractor shall inform the office where the application was made of the proposed date of construction in order that inspections may be made at the proper times. These

inspections are for the purpose of ensuring that proceeds of the loan are being used to construct the house in accordance with plans and specifications submitted, and upon which the cost of constructing the house is estimated.

Notice that it says "in order that inspections may be made at proper times" and that these inspections are "for the purpose of ensuring that proceeds of the loan are being used to construct the house" in accordance with the plans and specifications submitted. I do not know what greater assurance could be given those who want to build houses, and more particularly those who have built houses under this act, than this booklet which clearly outlines the standard of approved government construction. But I say to you, Mr. Speaker, that not one house in a hundred is constructed according to the standards outlined in this booklet.

Mr. Prudham: You are wrong.

Mr. Johnston: I am not wrong; I have had a good deal of experience along this line. This thing is one of the most criminal pieces of propaganda ever put out. A great many people are losing money, buying poorly built houses, because of the false information given here. There is nothing in the law that will cause Central Mortgage and Housing Corporation or the lending institutions to see that these standards are lived up to. I have raised this question many times in this House of Commons. Just the other day I received a letter from Ville St. Michel, Quebec, dated March 10 and addressed to the government and members of parliament. I have not time to read it all, but I want to read part of it:

We wish to bring to your attention as a member of the house and a representative of the people that in building our homes the contractors failed to comply with certain of the minimum building standards as provided for in the booklet put out by Central Mortgage and Housing Corporation.

And further:

Surely one would conclude, as we did, that in laying down the conditions under which loans would be made, that the machinery would also be provided by which these conditions would be enforced, but on making inquiries of Central Mortgage and Housing Corporation the reply is as follows:

"The Prudential Insurance Company of America carry out inspections on your property to ascertain whether this unit was built in accordance with N.H.A. standards, and they would be in a better position to ascertain or take action against the builder towards rectification of items as listed by you."

You will notice they did not say the Prudential Insurance Company would take action, but merely that the insurance company carry out inspections. The manager of the insurance company in Calgary which was financing these veterans houses there told me they did not put inspectors on the job to see that these standards were lived up to. The only reason they put inspectors there, if they ever did, was to see that their loan was guaranteed, that it was used for that purpose. Central Mortgage and Housing Corporation does not have inspectors to see that these building standards are lived up to; that is what they told me in Calgary, and now we have the very same thing in Quebec. This letter goes on to point out that they have taken up this question with their member, who has made certain efforts to have their position alleviated but apparently with no results. I have taken up the matter on many occasions, but I have never heard that hon. member discuss the question in this house. I hope he does; he will certainly get my support.

Now, Mr. Speaker, my time is fast going. I am not the only one who is complaining about this. One of the considerations controlling the policy of the department with respect to housing is the lending institutions; make no mistake about that. The other day a fellow living in Calgary wrote me saying he wanted to get a loan under the National Housing Act and visited the lending companies in Calgary, but they refused. It is within the city limits and there are other houses in the vicinity, but because the mortgage company did not like putting money out in the suburbs this man could not build the house. I wrote to the minister and asked him for some explanation of this condition. His reply is dated March 27, 1952, and reads as follows:

As you know, early in 1951 the lending institutions began to tighten their operations under the National Housing Act, and restricted their activities in the larger urban areas. In an attempt to offset this trend, the government raised the interest rates under the National Housing Act in June, 1951, and again in October gave the lending institutions higher guarantees against the higher lending values which were introduced at that time.

These steps have been taken in an attempt to encourage lending institutions to widen their present restrictive policy. However, you will appreciate they are free agents in the matter of lending under the National Housing Act, and the government cannot force them to lend at levels or in areas where they do not wish to.

It seems to me that is very good evidence that it is the lending institutions who are making the policies of this country and not the government.

Then in the Ottawa *Journal* of April 8, 1952, there is an article bearing the heading "Says life insurance companies trying to control housing." The article reads as follows:

F. A. Mager of Winnipeg, president of the National Housebuilders' Association, said the life insurance companies are attempting to regulate the amount of housing to be built in any one area of Canada.

"They even tell us what materials we can use, despite what is laid down in the national building

code," he said. Their attitude amounted to contempt for the government and the building industry generally, he added.

Then he goes on with further remarks about it. Surely that is evidence enough to indicate that the people of Canada are not getting what they are paying for. In almost every instance these building standards are being flouted right under the people's noses. This building standards book calls for three sets of plans and specifications. For whom are they prepared? The book does not say anything about that. The three sets of plans are for the lending companies, Central Mortgage and Housing Corporation and the contractor. There is no provision for the builder or owner having a set of plans in his possession.

Is there any provision whereby the owner can get access to these plans? We went to the local offices of Central Mortgage and to the contractor to try to see these plans and specifications. They brushed us off just the same as the others. The poor devils in the province of Quebec are getting the same brush-off. It seems to me that this government should introduce some legislation that would afford some protection of the money which the home builder has invested, and which would ensure that the money was properly spent. Then, the buyer would be sure he was getting the house the government tells him he will get if he builds according to these standards. At the moment, all the crimes are not committed in the comic books, and this booklet could be classed as the No. 1 crime comic.

Mr. J. H. Ferguson (Simcoe North): It was rather amusing to hear the oft repeated remark by the parliamentary assistant to the Minister of Finance (Mr. Sinclair) "under the Liberal government." I believe he was referring, at the time he made that remark, to the prosperity we find in Canada due to the efforts of labour, private enterprise, the farmers, United States investments and the great fertility of the Canadian soil. I feel confident that the people of Canada are beginning to realize that from now on, whenever they hear such remarks, they really mean "Canada under the thumb of the Liberal government." It is in that position Canada finds herself today, under the thumb of the Liberal government. The Liberals are willing to take credit for all the prosperity that Canada and Canadians are enjoying, and for the discovery of oil, primarily by the Imperial Oil Company and the other big oil companies which are controlled from the United States just as Imperial is controlled and operated primarily by Standard of New Jersey. To hear the Liberals in this house talk about prosperity during the last six or seven years you would think that none of it was due to the preparations for defence.

Some hon. Members: Hear, hear.

Mr. Ferguson: I hear some hon. members saying "hear, hear". They are still shouting "hear, hear", but the public does not need any reminding that Canada is definitely under the thumb of the Liberal government. If we were not under the thumb of that government and feeling the suffering and pangs of the government, Canada, with all its natural resources, the energy of its people and the working capital flowing into it which has never flowed before, would be progressive to a far greater extent than it has been under the thumb of the Liberal government. In spite of the natural resources, in spite of the efforts of private enterprise, labour and farmers, we find we are facing an increasing shortage of houses. Canada has a chance that it has never had before. The eyes of the world are on this great and prosperous country. What planning has this Liberal government done in the length of time it has been in office, both prior to and since the war.

Let us actually analyse the efforts of this government. The parliamentary assistant to the Minister of Finance, at a time when he was an ordinary member, severely criticized this government for its lack of accommodation for the members of parliament who were sent here to put forth their best efforts on behalf of their constituents. I do not suppose he would care to repeat that address today, but it was quite true. It certainly was a correct and severe criticism of his colleagues for the unbusinesslike manner in which the accommodation for members of parliament is handled. No industrial concern in the world would pay an executive $4,000 a year with $2,000 expenses, then cloister him in a room about ten feet by ten feet with another executive earning a like salary. This is true not only of this government but past governments, but I believe it applies more particularly to this government. It is utterly impossible for the members who are overcrowded with two in a room to carry out their work and properly represent their constituents.

People are inclined to look upon members of parliament and members of the Senate as statesmen or would-be statesmen. Let us remind the people of Canada that in my opinion every man and woman who votes should be a statesman in selecting representatives capable of carrying on the business of Canada. When these representatives are sent here by the people of Canada, they

deserve far better treatment than they are receiving from this government. What can the people of Canada expect when their representatives, who are supposed to hold one of the highest offices in Canada, are shown the lack of consideration which they are receiving from this government. Forgetting the duties of the rubber stamp, I am sure that most Liberals in this parliament today, if permitted to vote without threat of the loss of a judgeship or of the position of parliamentary assistant, would get to their feet and vote that immediate steps be taken to improve the position of members of the House of Commons with regard to their facilities.

Mr. Croll: We would all vote for that. We are all for it.

Mr. Ferguson: You say you are all for it. So are the people of Canada. But you members of this House of Commons cannot get any better action with regard to your complaints than can the rest of the people of Canada. That is the result of being under the thumb of the Liberal party, as I have already mentioned. The members of parliament are under the thumbs of the Liberal party—not only the Liberals but the C.C.F., the Social Credit and the Conservatives—with regard to proper accommodation in which to carry out their duties to their people.

I have here a clipping from an outstanding and reputable paper. I refer to the Toronto *Telegram*. I believe this clipping has a great deal of truth in it. It reads in part as follows:

> Prime Minister St. Laurent has laid down the law to Liberal members that there is to be only one session of parliament this year. He is said to have told a party caucus a few days ago that the business of the House of Commons must be cleaned up by July 15.

Mr. Croll: Hear, hear.

Mr. Ferguson: Someone says "hear, hear". Rubber stamps! The clipping continues:

> If it isn't, he will adjourn parliament and continue the same session in the fall. That meant M.P.'s and senators would be paid only one $4,000 sessional indemnity in 1952, even though they may have to sit again later in the year.
>
> Mr. St. Laurent plans shortly to serve similar notice to the other parties.

He plans to do that. Imagine that. I just cannot credit the idea that the Prime Minister of the Dominion of Canada actually has those plans in mind.

An hon. Member: That is the *Telegram*.

Mr. Ferguson: I am sure the *Telegram*'s source of information was reliable.

An hon. Member: The leader of the opposition (Mr. Drew) laid down that condition the other day.

[Mr. Ferguson.]

Mr. Ferguson: The hon. member will have an opportunity, in a few minutes, to answer intelligently. There will be plenty of opportunity for him to defend his government, if he wishes to do so. I do not think he will wish to do so very wholeheartedly.

If there is legislation to be attended to at this parliament by the representatives of the people, just imagine such a threat being made that hon. members will have to sit here until the hot days of July or else they will have to go into the fall, following an adjournment of parliament, and that they will have to do it for $4,000 a year. Let me say this to the members of the House of Commons. If the people of Canada want in parliament the men they need, $4,000 a year or a session is far too little to attract such men. It is far too little to bring into parliament the type of men the people of Canada need.

If we cannot finish the business of the people which we are sent here to transact in a businesslike manner, parliament should go into a second session and the people of Canada should be glad to pay an additional $4,000 for the services of men who are handling the job properly. If those men are not handling the job properly, the democratic form of government gives the public the privilege to say so. The labour unions of this country would consider it an insult to offer their leaders the stipend which is offered to the makers of the laws of this country, the men who appoint the judiciary of this country, namely $4,000 a year with $2,000 expenses.

I do not know of a member of parliament who does not know, when he comes here at that remuneration, that he is compelled to live in a room on the third floor of a rooming house in Ottawa. He cannot afford to live in proper quarters such as the Chateau Laurier unless he takes the money from his own pocket. A member of parliament is called on by his constituents to answer his door and to attend to their affairs long after the butcher and the baker have turned the keys in their stores at 6 o'clock at night. He is at the beck and call—and rightly so—of his constituents who are worried about one matter or another. If he is the right kind of man he knows of these responsibilities when he offers himself for election. But the members of this government, which has the people of Canada under its thumb, in the length of time they have sat in office have not been men enough to come forward and raise the salaries of the representatives of the people to an amount which is somewhere near what it ought to be.

It is a disgraceful situation. How can we conscientiously feel that we, as a body, are

responsible for appointing judges at $8,000 a year, how can we feel responsible for the making of the laws to be administered by those judges, at this disgraceful and insulting remuneration of $4,000 a year? Surely you are not afraid to stand on your feet and tell your constituents that you believe you are worth greater compensation for your efforts. If the people do not think so, at election time they will tell you so, me included. Most of the members feel as I do, but they sit back and say, "I don't think it is good politics to mention that." I am not built that way. I am sent here to mention matters which I believe are of vital importance to the people of Canada, whether it means my defeat or my re-election. At the end of my term the voters will decide. I hope I shall always remain that way.

There is confronting the people of Canada at the present time a problem of the most serious nature; I refer to the foot-and-mouth disease. Some people are blaming the civil servants, the departmental officials, for lack of knowledge, lack of attention and carelessness. It is almost time that all cabinet ministers, without any hesitation, assumed all responsibility for the people working under them in their various departments. The cabinet ministers of any government should say to the civil servants under their jurisdiction something to this effect: Irrespective of how you received your appointment or under what government you received it, and irrespective of the length of time you have served this country, I will take into serious consideration your contribution towards the administration of this department but I am also going to mete out a punishment that is just and fair for any lack of proper attention to your duties, because I am responsible. The cabinet minister is responsible. We find this shifting of responsibility to department heads, shifting it to civil servants, through lack of guidance by the cabinet ministers at the head of these departments, through lack of taking into serious consideration the importance of their position as cabinet ministers.

The previous speaker asked: If the war in Korea ceased, what kind of depression would we have? Hard-headed, sane, worried financial experts, industrialists, and representatives of labour are saying: What is going to happen next? Where are we headed, in spite of the natural resources that God gave to Canadians, in the year 1952? You all know that that is true. People are all following the middle of the road course. They are afraid to invest capital in industry. They are afraid to pick the plums we have. We know that. The harvest is ripe in Canada. We are afraid to bring in more immigrants. We are afraid to develop this great country. We are afraid of unemployment. This is not the Sahara desert. This is the Dominion of Canada, one of the richest and greatest countries in the world. It is prosperous in spite of the Liberal government and in spite of the failures of past Conservative governments.

An hon. Member: Hear, hear.

Mr. Ferguson: We have all made mistakes; all governments do, except the Liberal government. They are never willing to admit their mistakes. They are afraid. They take all the credit for the prosperity of Canada—prosperity in spite of the Liberal government. It is time that some of the cabinet ministers, particularly the lawyers, got out of there and they put a few more industrialists in there. If that were done the Minister of Defence Production (Mr. Howe) would not stand out so much like a sore finger with his great business training. Things would be better if there were a few more industrialists in the cabinet. With all due respect to the members of the legal fraternity, of which the cabinet of the Liberal government is principally composed, when they need a lot of valuable advice I am sure they will agree with me when I say that they must have to turn to the Minister of Defence Production and say: "What do you say, C.D.? We are lawyers, we do not know."

Mr. Robertson: And they get a real answer.

Mr. Ferguson: They get a real answer as far as they are concerned, because they would not know whether it was right or wrong.

The training of a lawyer is long, and I am sure that all members of the cabinet who are lawyers are good lawyers, but they say: "you may go so far and no farther; that is the law." There is very little vision for the future about that. The Minister of Defence Production is the sore finger in this cabinet, and when he makes a suggestion the multitude of lawyers in the cabinet say: "I guess you are right; you take over that portfolio." What a great fellow he is.

Mr. Riley: That is pretty tough on lawyers.

Mr. Ferguson: That is pretty tough on lawyers, but it is quite true. There are 180 odd Liberals in this house. Probably they will be glad when I have finished speaking. I am quite sure they will, because I am going to say this to them. When they vote in this house on national issues and on conditions which they know confront them, such as office accommodation and lack of housing in Canada, and the great industrial falling down in the middle of the road, they vote as a body. Can you imagine 180 odd members

voting 100 per cent on an issue in this house? What a pang it must be to the conscience of some representatives whom I know when the whip speaks to them and they vote as one. We should have a few more Churchills in the Liberal party. There was a man who changed from the Conservatives to the Liberals and back to the Conservatives again. It is time we had more men like him.

I hope the day will never come when I sit in parliament and demonstrate, as I have seen it demonstrated here, the unanimous vote of this party on practically every issue.

Mr. Riley: When you say "this party" do you mean your own?

Mr. Ferguson: No, the Liberal party.

Mr. Riley: What about your own?

Mr. Ferguson: Ferguson has not always voted with his party, and I intend to continue in that way. The people of Simcoe North are the people who sent me here. Let me say this: I will always remember that fact, because my duty is to those people as well as to the people across Canada.

Mr. Riley: All unanimous on combines.

Mr. Ferguson: I voted on the combines because I believe the way I voted was the correct way to vote, and for no other reason.

Mr. Cavers: What about the St. Lawrence waterway?

Mr. Ferguson: Some hon. members would have liked to vote with me, but that parliamentary assistant fish was dangling under their noses, and a judgeship in the future was dangling under their noses; certainly senatorships were. There are quite a few vacancies that have not yet been filled. They are lovely things to hold up to the boys and say: Now, you have to keep in line or you will not get a senatorship; there are two or three coming for your province. You are getting a little older.

Mr. Croll: Envy will get you no place.

Mr. Ferguson: They certainly hold the vacancies open long enough for you to get a chance, because they will always be there.

In closing I should like to impress upon the few cabinet ministers sitting here today the necessity of doing everything in their power to try to eliminate the scandalous office conditions that the people's representatives are asked to put up with in the House of Commons today. Immediate steps should be taken to remedy the situation in the most economical and businesslike way. I impress upon the cabinet of this country and the members supporting that cabinet the necessity of putting forth every effort. Let us have less red tape and less procrastination in order to build houses that are needed by thousands of people across Canada. Let them stop patting themselves on the back and get down to earth. Bring more immigrants to this country who will work along with the people already here and continue to spread and enlarge the prosperity brought about by the ingenuity of the Canadian people who are here now, and the great neighbour we have to the south, coupled with the natural resources of Canada that should be developed in order to support a population five times the size of that which we have today and still be prosperous.

Mr. D. F. Brown (Essex West): Mr. Speaker, may I thank the hon. member for Simcoe North (Mr. Ferguson) for relinquishing part of the time allotted to him so that I may have a few words to say before six o'clock. With what he has had to say I am to a large extent in agreement. Knowing that he comes from a family of distinguished and eminent lawyers, I think that we can probably take his remarks with respect to the legal profession with a little bit of salt. However, I agree with him as to members' salaries, and what member in this house does not agree with him? With respect to other things, of course, we should like to have co-operation.

We should like to limit speeches in this house to thirty minutes so that we may be permitted to leave this chamber by ten o'clock in the evening and not have to stay until eleven o'clock every night. If he will use the same forensic ability with his party on that matter we shall achieve that goal. I know the government is not desirous of throwing any weight behind this, because they are not anxious to put any pressure of their majority on the opposition. They want to give them every opportunity, but I am sure that if he will use his ability, which I envy, we shall accomplish that.

I should like to say a word on behalf of my constituency, which has probably the unique distinction of being the only constituency in Canada which is wholly south of the United States. A constituency is only about as good as the people that live in it. The people in our constituencies—and when I say "our constituencies" I mean the constituencies of Essex East, Essex South and Essex West—are showing their ability, their kindness, their large-heartedness at this present time. Because of our geographical situation we, like other constituencies bordering on the great lakes, are having considerable difficulty at the present time. As soon as the floods became manifest in our area an engineer was sent immediately to the area, by air, to make a survey. He has reported back. Subsequently the Minister of National Health and Welfare

(Mr. Martin), the hon. member for Essex South (Mr. Clark) and I have interested ourselves daily in that subject, and have attended meetings of the citizens group formed in the constituency of Essex East, and which is doing such a remarkable job.

I would say, in fact, that they are doing a heroic job, working day and night under great hardships to keep the flood waters back. They are not always successful, because there have been occasions when the flood waters have poured in over the dikes and over the waterfront of lake St. Clair, covering the main highway to a depth of about two feet. However the provincial government has seen its responsibility, and it, too, is doing a good job. There is an engineer in attendance to give advice, and he has been working closely with the local committee.

In my own constituency of Essex West, along the Detroit river I was instrumental in getting the towns of La Salle and Sandwich West to start an organization. The organization has been continuing and has done a good job in laying plans which would become effective in the event of an emergency. I am sure that if the provincial government finds that the problem becomes so great it cannot cope with it, it need only make application and it will be given every consideration by the House of Commons, as was done in connection with the Fraser valley and Winnipeg floods, and the fire at Rimouski.

Because of our geographical location we have things of great value. I am not particularly interested in discovering what is wrong with the area; my chief wish is to point out any error there may be and then to take every step possible to see that the error is corrected. I wish, further, to emphasize that which is good in the area—and there are many things. I thought this was best expressed by an hon. member of this House of Commons who visited the area, in company with fifty other members. On a bright Sunday morning they went down along the Detroit river to Amherstburg, and up through Harrow and Leamington. Passing through a sunny and rich farming area they saw mile upon mile of fruit trees in blossom, acres upon acres of hothouses in which cucumbers and tomatoes as well as other vegetables were being propagated under glass.

Upon his return to this city I asked him what he thought of what he had seen. With vigorous gesticulations he said, "No, no, no; what I saw I don't believe!" That, I think, best expresses the feelings of those who have seen the rich agricultural district in that area, as well as the great industrial plants.

Most of all however we pride ourselves on the friendliness of our people, a condition being commented upon each day. Only yesterday it was expressed to me in this building by a person of high rank who only recently in his official capacity had visited Windsor. He told me that of all the places in Canada he had visited, he found the people of that area the most hospitable and the most friendly that he had encountered anywhere. I do not say that in a boastful fashion, but state it merely as a fact, because I believe to a large extent we have acquired some American traits of character, of which that is one.

I pointed out some time ago that in the area we have large industries, and I should like to refer to that fact for a moment. We have large automobile industries, large pharmaceutical plants and large chemical plants. Then, in association with the automobile industry there are sixty or seventy large and small feeder plants producing parts and equipment being fed to the automobile industry. Those industries have been operating in the area for many years. I believe it is safe to say that in that part of Canada there are more mechanical and chemical engineers per capita than in most other parts. They have acquired the know-how of the industry. They are familiar with the technique. They are easily accessible to the United States which, either through our tunnel or across our suspension bridge, is only about five minutes away. In that length of time one can go from the heart of the city of Windsor to the heart of the city of Detroit, and he is at once accessible to the large technical ability of not only Detroit but the whole of the United States, because the automobile industry is concentrated in that American city.

Labour in the Windsor area is the same as in any other part of Canada. For the most part the workmen are hard-working, sincere and home-loving. They want nothing more than comfortable accommodation, enough to eat, and the hospitality and warmth of their homes. They have been trained not only in the universities of the area, but in those of the rest of Canada. They have had the advantage of one of the best technical schools in Canada, the W. D. Lowe school, formerly known as the Windsor-Walkerville technical school. This is a large educational establishment with competent instructors who are capable of training students for the automobile and other industries, including those connected with building trades in the area.

Then, we have available to us the University of Michigan located at Ann Arbor Wayne University and L'Assomption College So that labour is well trained; there is n

reason why they cannot obtain the training they want to have. For the type of production on which Canadian prosperity and security is founded, there must be the utmost co-operation between labour and management. If we are going to meet our production goals and maintain our present standard of living we must utilize all our productive resources. These cannot be used to the utmost in an atmosphere of suspicion and prejudice. We have had our difficulties in the past and we will probably have them in the future. It may be that because of our proximity to the United States our difficulties in my area are greater, but I think the rest of Canada can be most grateful that we have shown the ingenuity and stability to weather these storms. I know that we will eventually come out on top.

If we are to overcome our difficulties there must be absolute co-operation. There must be a complete absence of fear, of suspicion and of prejudice. The Department of Labour has done a great deal in the way of providing machinery by which these things may be overcome, and I should like to speak on this for a few moments.

In February, 1943, the then minister of labour and the minister of munitions and supply set up an interdepartmental committee on labour-management committees. It is interesting to note that that good friend of labour, Mr. M. M. Maclean, a valued employee of the Department of Labour, was a member of that committee. The people of Canada owe a great deal to his efforts.

An advisory committee composed of representatives of trade union and employer groups was constituted to assist the interdepartmental committee. In March, 1943, the government officially decided to encourage and sponsor the formation of labour-management production committees. Of course, that was for war purposes. It might be interesting to put on the record the principles underlying these committees, and I quote from the report of the Department of Labour for the fiscal year ending March 31, 1944, page 44, as follows:

1. The purpose of labour-management production committees should be to examine and consider means to improve and increase production;

2. The committee should be composed of representatives from labour and management directly engaged in production in the particular units or plants in which each committee functions. The number of representatives of labour should be at least equal to the number of representatives of management. The representatives of labour should be chosen in a democratic manner, preferably from the various departments or natural divisions of a unit or plant, rather than from the entire working force;

3. The committee should be advisory and consultative. Management should examine carefully all recommendations of labour representatives and, in cases where recommendations are not acceptable, should provide adequate explanations. Similarly, the representatives of labour should examine carefully all recommendations of management and co-operate in making effective all recommendations endorsed by the committee and adopted by management;

4. The committees should concern themselves exclusively with problems of production, and should leave problems relating to wages, working conditions and similar matters, including grievances, to the appropriate collective bargaining procedure.

A labour-management co-operation service was established in May, 1947, as a section of the industrial relations branch of the Department of Labour to continue the work of the labour-management production committees. This committee was precisely what its name implies, a committee composed of representatives of labour and management to increase production and improve efficiency through greater co-operation between both groups. It is a joint enterprise. It is a two-way communication channel for the exchange of ideas and information on production problems. It is an agency making possible effective plant action on production, conservation, recreation, welfare, morale, absenteeism, safety, and a large number of other important problems. It in no way affects the right of a union to enter into bargaining agreements.

It is not a management plan for the promotion of company unions. It is not a labour plan for taking over the job of management. It is not a bargaining agency or a grievance committee. Wages, hours, working conditions and related matters are subjects for determination by collective bargaining procedures. If time permitted I could go on at some length to deal with the functions of this service.

I would certainly recommend this to industry which must take the lead in the city of Windsor in setting up as many labour-management production committees as is possible. The report issued this year indicates that 789 labour-management committees are operating in Canada affecting 306,427 workers. There is a total of 441 committees in the manufacturing section affecting a total of 164,154 workers. I am glad to be able to say that many labour-management committees are in operation in the automobile feeder plants in Windsor, but I am sorry to say that there does not seem to be the same co-operation in the plants of the big three which is necessary if we are to produce successfully for the betterment of Canada and create the utmost labour harmony.

I urge that industry take the lead in co-operation with the Department of Labour and see that such committees are set up at an early date. I should like to indicate what has been said by a worker in a plant, not in

the city of Windsor, about the work of these labour-management production committees, and I quote:

> Things are done with a real team spirit around the place because we all know what's going on and why. Management tells us what's the trouble and we try to show them what's wrong. None of us are perfect. Any of us can be off the beam—but we can tell each other what's on our minds and there's no hard feelings. Sometimes we tell each other plenty. We make a better team when we all know the score.

Some companies throughout Canada in the operation of these labour-management production committees give certain incentives to the workers. I have in mind one company which in order to stimulate production started a competition between four teams of workers operating certain machines in the mills. The winners of this production competition were given a trip to interview the customers of that mill. They visited with the customers and saw what they wanted, and came back full of enthusiasm for the business in which they were engaged and in which they were partners. I think, too, these labour-management committees create confidence as between labour and management as nothing else can. When they get together they can do as we do in caucus, and explain matters frankly and honestly. I think if we are honest and sincere with each other—and this applies to management and labour—we will have greater industrial harmony.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

(*Translation*):

Mr. Auguste Maltais (Charlevoix): Mr. Speaker, while addressing my humble remarks to the house today, I do not so much propose to comment on the budget as such, as to submit certain statements on our immigration policy.

Nevertheless, after listening the the hon. member for Moose Jaw (Mr. Thatcher) on April 24 last, I thought it might perhaps be appropriate to put a few suggestions to him.

In a speech which will go down in the history of his party, he indicated to the Minister of Finance (Mr. Abbott) how to economize something like $315 million. On page 1569 of *Hansard*, the member for Moose Jaw suggests that the members of the house should begin by setting an example and reducing the length of the sessions so as to have one session a year, without regard to existing conditions.

Since the hon. member has raised this matter without indicating the steps that should be taken to shorten the long sessions of parliament, I wonder why, in his campaign to curtail expenditures, the hon. member did not suggest that the redistribution committee, set up to inquire into the distribution of seats in the house allotted to each province, stick to the letter of the Canadian constitution. Since according to the constitution, the matter of distribution must again be examined in the light of the last census and since according to that same constitution my hon. friend's province is liable to lose five seats as a result of the same census, I would have thought that my hon. friend from Moose Jaw would have asked the house to stick to the constitutional formula and thus save approximately $300,000 in the next two parliaments.

As the hon. member for Moose Jaw stated, it is fitting that members of the house should themselves set the example in curtailing expenditures. I hope that he will be the first to practise what he preaches when the opportunity arises.

In the same speech, he urged the Minister of Finance to delete from the estimates item No. 42, where an amount of $500,000 was voted in order to help the maple syrup producers in the province of Quebec. This aid is granted by the government to help our producers replace the equipment used in the manufacturing of maple products and allow them to export their wares. This industry brings every year into Canada several million dollars, and I do hope that the government will continue to advise parliament to adopt a measure which is so beneficial to our farmers.

While studying the estimates of the same department, the hon. member might have come across the fact that not one among the Ontario or Quebec members tried to suggest that items 46 and 47 of these estimates should be reduced or suppressed altogether because they applied to the western provinces. As far as I am concerned, I have only the most superficial knowledge of the difficulties encountered by our fellow Canadians living in the prairies; I would be loath to see them deprived of the improvements which might be brought to them, thanks to the aid of the federal government. In return, I am sure the hon. member would not wish to adopt, towards my province, an attitude I would be reluctant to take towards any other province.

So much for that. I will not deal any further with the other suggestions made in that same speech since I feel no other mem-

ber in this house would want a reduction in the rates of family allowances, old age pensions or in any other social legislation.

Mr. Speaker, I consider the financial administration of the government to be highly important and I am one of those who have confidence and who believe that no country in the world has a better reputation than Canada, from a financial point of view.

The present government has, for a very large part, presided over the destinies of the nation since the dark days of the years 1931-1935 to the present period. During these 17 years that separate us from the "great darkness," Canada has taken an active part in a world war. We were victorious in that war and, if peace is not yet ours, at least we did not have to undergo the tragic crises which were the lot of the other nations with which we shared that victory.

This government, which longed then, like every other free nation, for an era of peace, was soon faced with the threat of new communist aggression and compelled to look, with the co-operation of friendly countries, for a new way of once again preserving world peace, which was threatened by an enemy more terrible than the one we had just defeated.

In seeking this new protection in alliances with other nations, it was imperative that we should assume certain obligations and new responsibilities which, during these last few years, have obliged the government to ask parliament for those appropriations as the price of our security.

Of course such expenses bear heavily upon the Canadian people. But we all hope that our collective effort will show any potential enemy that aggression would be a bad risk and that it would be preferable to settle our differences at a round table.

Many of us are asking ourselves just how far our defence preparations should go in view of the huge sums contained in the estimates. Such a question, Mr. Speaker, deserves an answer because the taxpayers want to know at times where their money goes. We would be on the wrong course if an arms race was our only aim. It is therefore important that the different countries co-ordinate their efforts so that each dollar spent for common defence be used where it is required and so that no country be called upon to contribute more than is necessary to pay this insurance premium for our common protection.

[Mr. Maltais.]

Canada today is doing its heavy share and the budget brought down by the Minister of Finance inevitably reflects that fact. And in spite of this international situation which continually requires that ransoms be paid as protection against the forces of war, our government has passed social legislation which, in certain respects, goes further than any legislation existing elsewhere.

There again, tremendous amounts must be provided in order to maintain these social services, such as family allowances, unemployment insurance, pensions for the blind, old age pensions and our national health program. These are dangerous and fascinating times. Our prosperity, fashioned with hope and anxiety, has reached a peak we had never dreamed to attain during the present generation.

The various provincial governments each claim the glory of governing the most prosperous province. The future looks so bright that some of them become dazzled like the Duplessis government in Quebec, for instance, who are led to believe they have discovered the province of Quebec.

In all this atmosphere where prospects of a golden age join with uncertainty, where the forces of peace are locked in a constant struggle with the forces of war, the present government is able to bring down a balanced budget, to pay the cost of our defence and our national welfare and at the same time, which is quite surprising, to reduce our public debt. This wise government which has succeeded in stabilizing the cost of living, in spite of what our Progressive Conservative friends may say, has surprised them to such an extent that the surplus of the Minister of Finance is a riddle to them they are unable to explain.

That, Mr. Speaker, is the wise administration of our present government in this dangerous prosperity.

Let us consider the immigration problem. The speech made in this house on March 10 last by the hon. member for Spadina (Mr. Croll) prompts me to do so. Needless to say, I do not share all the views he expressed on this occasion, nor am I able to find any reasons which might justify the request submitted by the Canadian Chamber of Commerce on page 13 of its last brief to the effect that many more immigrants be admitted into this country than we are now receiving.

I certainly do not hesitate to state with Philippe Roy of *L'Action Catholique* that, in our day, immigration is spoken of in the name of justice and human kindness, or of a more rational distribution of the world's population, and that as Christians we must support the principle of immigration.

I am therefore speaking of the manner in which that principle should be applied in our country, rather than of the principle of immigration itself.

At page 290 of *Hansard*, the hon. member for Spadina stated as follows:

> Today a nation more than twice as large in population as it was in 1913, and many times as strong, is taking in only half the number of immigrants we took in at that time. I merely point out to the house that it is time we burst these bonds of caution. We have to take a firm stand in this country on immigration because we can produce more homes, more suits of clothing, more pairs of shoes and more loaves of bread.

And a little further down:

> I am convinced that the country wants more of the right kind of immigration, the kind that we have been getting particularly this year.

Mr. Speaker, I respect the hon. member's opinion, but I believe that our immigration policy not only should be carefully selective, but it should also adapt itself to economic, social and political conditions in Canada.

Confronted with the huge geographical spaces of our country, people have often expressed various opinions concerning the best possible solution to the problem of Canadian population. The hon. leader of the opposition (Mr. Drew), speaking in British Columbia, expressed the hope that our population will one day reach 125 million. I feel that this is a rather high figure and I am inclined to believe that this represents more people than Canada could support.

For, in spite of the vastness of our country, one should not fail to take into account the following facts: vast regions are unable to support a large population. All the northern districts, from Hudson bay to Georgian bay, the north side of lake Superior, Great Slave lake, and including the whole Arctic region, which represents two-thirds of the whole surface of Canada, can hardly, except here and there, support a population. According to the dominion bureau of statistics, after the 1931 census, the arable land in this country comprises no more than 352 million acres—i.e. scarcely 27·5 per cent of its total area.

Of this total, 163 million acres are already settled. The rest of the area as yet not settled represents land where the farmer who will settle there will undergo a great many difficulties, because of the climate, the nature of the soil or the very limited production he will be able to obtain.

Naturally, the greater part of this farm land is located in the western provinces but even there agriculture seems confined to wheat growing and part of these lands are already marginal. The serious drop in Saskatchewan's population, during the last decade, seems to indicate that special crops in the prairies are unable to support a heavy population.

That is to say that Canada's population cannot be determined on the basis of land area alone. Other factors must be considered, such as the development of our natural resources, our productive capacity, our industrialization and our economic conditions. Therefore, in the preparation of a long-term immigration plan, it would be important to inquire into all these conditions.

If we look up statistics, we find that we have had waves of immigration which went up and down according to the times. The years before the war of 1914 were characterized by a heavy flow of immigrants. From 1916 to 1923 there was a large drop in the number of immigrants, but immigration was again on the increase from 1924 to 1931, when it was practically shut off up to 1945.

It is interesting to note that from 1901 to 1931 Canada received more than 5 million immigrants, but that, during the same period of time, nearly 3,500,000 people left the country. There is no doubt that a great number of these immigrants went back to their own country or that they simply passed through Canada before going to the United States. However these figures show that our immigration policy did not have the results that we hoped it would have. It is therefore important that our immigration policy be adapted to economic conditions in this country.

The present industrial expansion should not be overestimated. Although the development of our natural resources allows us to foresee a bright future we must always keep in mind that our Canadian economy is strongly influenced by international market conditions and conditions in other countries. Furthermore that development of our resources might be misleading if our role consists merely in extracting the raw materials and selling them to other countries without establishing manufacturing industries.

Even today, despite the activity resulting from our defence effort and our economic expansion, each year we go through a critical period of unemployment about which we certainly cannot feel unconcerned. And our

great labour unions have requested that there be no immigration whatever during those periods of unemployment.

On the other hand, the housing problem is very serious in Canada and I take advantage of this opportunity to ask the government to amend the Central Mortgage and Housing Corporation Act and the National Housing Act, 1944, in order to allow more people in the middle classes and from rural areas to avail themselves of the benefits of these acts. Conditions and restrictions imposed, in certain rural areas, under this act make it very difficult to operate, at least in the constituency of Charlevoix, which I have the honour to represent. A great many Canadian families are looking for houses. The manpower necessary for the construction of these houses is available since at the end of February of this year there were more than 13,000 unemployed in the building trades alone. In a report published recently by the Department of Trade and Commerce, no serious shortages of building materials were anticipated for this year.

I believe the time has come to extend the compass of the present National Housing Act in order to deal with the present housing shortage.

And this housing situation is closely related to our immigration policy since we have a right to ask where these immigrants are expected to find a house.

Briefly, Mr. Speaker, while I congratulate the government on their careful and judicious selection of immigrants, I am unable to share the views of the member for Spadina and the Canadian Chamber of Commerce who are calling for a greater number of immigrants.

I repeat once again, our immigration policy should not only aim at a proper selection of immigrants but it should be consistent with economic conditions in this country having regard to our absorptive capacity, to the yearly recurrent periods of unemployment and to the housing problems we face at the moment.

As immigration is also under provincial jurisdiction, I think it would be important to establish an advisory committee, consisting of the various provincial governments, of the representatives of labour unions, of employers and of the different universities, with a view to helping the department to work out an immigration policy consistent with this country's political, social and economic conditions.

In this way in order to increase the population of Canada we should be able to lead immigrants into this country towards adopting the ideals we all share, that is, a great, happy Canada respectful of the rights of all its sections, such as the two main races of this country have undertaken to build up when history placed them side by side to form the Canadian people.

(*Text*):

Mr. F. G. Robertson (Northumberland, Ont.): The nature of the 1952 budget, as presented by our very able Minister of Finance (Mr. Abbott), is significant of our expanding economy and of our important place in national affairs. It underlines what must be apparent to all of us, namely, that Canada is one of the great nations of the free world, and that the entire world is looking to us for more and more of that stability which is necessary if free institutions and our way of life are to survive.

The opposition members have attacked the budget as imposing excessive taxation. I think we must be realistic, and if we remember our national prosperity and our domestic and international commitments, then I think we must conclude that the rate of taxation as imposed by this budget is quite in keeping with Canada's ability to pay. If we wish to continue our social security program, furnish sufficient money for the orderly administration of government, have sufficient funds to develop our natural resources, and still maintain our defence expenditures, then it seems to me we must be prepared to make some sacrifices during this important period of world affairs.

The Minister of Finance has indicated that there will be this year an estimated expenditure of $4,270 million. I should like briefly to review what these expenditures are as they were outlined by the Minister of Finance. We are spending on national defence slightly over $2 billion; on our social security program and other pensions, nearly $1 billion. Interest on the national debt and payment to provinces amount to $650 million, and the general administration and other activities of government amount to approximately $650 million. I should like briefly to review these expenditures. We are spending on national defence slightly over $2 billion. I believe that all hon. members agree that Canada must play her full part in the defence of freedom in the world today.

The Minister of Finance has very wisely pointed out that the scale of the defence budget is determined by policies approved by this parliament. It is true that the administration of the defence department is most important; but after all, what we members of parliament decide is in the best interests of Canada must underlie the expenditures of national defence. I am sure that all hon. members support the part Canada is playing in the United Nations. The vast majority of the members in this house approve of what Canada is doing in support of the North Atlantic Treaty Organization. I was very disappointed in the attitude of the C.C.F. party some time ago when they criticized the government for the support we are giving to the North Atlantic Treaty Organization. I for one am prepared to accept the advice of the statesmen and military experts of the North Atlantic Treaty Organization as to what is necessary in order to preserve our freedom. I cannot believe that in the C.C.F. party there are many international experts whose advice we can trust implicitly. Let us not make the mistake of too little too late. One thing we must be sure of is that we have the strength to deter Stalin and the Russians from taking any chances or provoking another great war.

The financial critic of the official opposition made a statement in this house which is to be found on page 1481 of *Hansard*. He said:

> We should not expect men in the services to be interested in expenses, Mr. Speaker. I think we would be naive to expect that. It is not their job, but the job of parliament.

I cannot agree with that statement. I think there is great responsibility on men in the services to see that our dollars are wisely spent. We can vote money in this house, but after we have given careful consideration to it, and are sure that it is in the national interest, then I think we have the right to expect the men in the services to do their part. There is a responsibility on the part of the deputy minister of national defence, the assistant deputy ministers and on all other officers of the armed forces. I remember that the financial critic told us of the time when he was in the army, and how careful he was to see that no public money was wasted. I would say that it is rather presumptuous on his part to suggest that he was the only man of that type to be found in the armed services. I am sure that there are many other men of that type who are anxious to see that money which we vote for national defence is wisely spent. I sincerely believe that is the case in the Department of National Defence in Canada.

We have had long discussions in this house on national defence; we have had a defence expenditures committee; we have made a close study of the estimates of the Department of National Defence. I suggest to you that every opportunity is given to members of the opposition party to show what money is not being wisely spent.

I should like to congratulate the Minister of National Defence (Mr. Claxton) and his department on their good judgment in picking Cobourg, Ontario, my home town, as the site of the new central ordnance depot. There can be no doubt that the department showed excellent judgment in this decision, because Cobourg has many advantages which make it the logical place for the establishment of such a project. We have ample room for expansion of this depot, should it be necessary; we have excellent rail, water and road facilities; we have an adequate supply of labour; we have excellent recreational facilities. In fact, I think that we have everything which will make this central ordnance depot a real success.

I should like briefly to review our expenditures on social security which amount to nearly $1 billion. I am sure that these expenditures are approved by the vast majority of Canadians. The Minister of National Health and Welfare (Mr. Martin) wisely said the other night that we must consider very carefully the amount of money we spend on social security. We must be very sure that we shall never have to regress in the payment of social security. It is true that the C.C.F. party demand even greater and greater expenditures on social security.

The leader of the C.C.F. party, speaking in the house not long ago, assailed the government because we are not spending as large a percentage of our national income on social security as we did some four or five years ago. It seems ridiculous to me, when we are in the midst of a vast rearmament program costing over two billions of dollars, that the leader of the C.C.F. would expect us to spend as large a percentage on social security as we did before. I believe the social security program is the greatest single contribution the Liberal party has made to good government in this country. I am sure that as soon as the country can afford greater social security benefits the Liberal party will see that these are brought into being.

There can be little discussion of the third item in the budget, that of the payment of the interest on the national debt, and payments to the provinces. We would be failing to fulfil our obligations if we failed to make these payments.

Coming to the fourth division of the expenditures as outlined in the budget, we find that $650 million is being spent on the general administration of government. I

submit that real economies have been instituted by this government. I have in my hand the estimates for this fiscal year, and when we look at the different columns, we see that there has been a decrease in the various departments of government amounting to $62,787,593. There have been increases in other departments, so that we find there has been an over-all increase in all departments of government of $605,208,972. But when we look closely into these estimates we find that the increase in the Department of National Defence is $392,410,629, and that the increase in the Department of National Health and Welfare is $252,464,877. These two departments show a total increase of $645 million.

So, reviewing the whole situation as it is set out in the estimates, we find there has been an actual decrease of $45 million in all other estimates. This has been accomplished, in spite of a 10 per cent increase in salaries, and other costs. In spite of these economy measures on the part of the government we know that many services have been greatly expanded in the past year. I need only remind the house of the increased postal services, our stepped up immigration program, our improved service for Indians, and the expansion of the Royal Canadian Mounted Police.

Our country is an ever-growing country, and it requires an increasing amount of money in order to run the government of the country in an efficient way. The government can be congratulated upon the real economies it has put into effect in the last year. While members of the opposition are always asking for decreased taxation, they ask continuously for greater and greater expenditures. They have asked for extensive federal aid to education; for certain gifts to Great Britain; for more economic aid to other countries; for the payment of subsidies and the like. All these things are very desirable, and many of us would like to support them; but we must remember that they cost money, and represent an increased burden on the taxpayers of this country.

Mr. Rowe: And advertising over the C.B.C.

Mr. Robertson: I am pleased to see that the Minister of Finance has either eliminated or reduced many of the excise taxes on household goods. When I spoke in the budget debate a year ago I expressed the hope that these excise taxes could be reduced, once the danger of inflation was over. We all know there has been some easing of the inflationary pressure, and I am pleased indeed to see that the minister has seen fit to reduce these taxes.

He has also indicated that credit restrictions are under constant review; and I know that when conditions are suitable a gradual removal of these credit restrictions will be undertaken. We have a budgetary surplus of $356 million. I know how disappointed are members of the opposition that the budgetary surplus is not greater. They have been telling us for many months about the great surplus that would exist at the end of this y ar, despite the constant warnings of the Minister of Finance that there would be huge expenditures at the end of the year which would reduce this surplus by a great amount. I say there is no need to apologize for the present surplus which the budget produces.

Mr. Fraser: They robbed the people to get it.

Mr. Robertson: As I have already pointed out, the opposition has suggested many times expenditures which would mean even higher taxation.

Mr. Fraser: Who did?

Mr. Robertson: This surplus has produced many beneficial results. It has helped to bring inflation under control; it has strengthened Canada's economy; it has reduced the burden of our national debt; it has attracted capital from abroad.

Opposition members cannot agree as to what the budgetary surplus will be for the coming year. Some say that it will be as large as last year's. We have only to check the speeches of the hon. member for Eglinton (Mr. Fleming) and the hon. member for Broadview (Mr. Hees) to see that those gentlemen think our surplus will be very great. Then, today in the house the hon. member for Bow River (Mr. Johnston) expressed the opinion that the surplus would be between $300 million and $400 million. He was very honest about it, however, and admitted he did not know how much it might be. Yet he hazarded this wild guess.

Other members have expressed a quite different view, and I should like to read some of their opinions as they are set forth in *Hansard*.

Mr. Fraser: He cannot read from this debate.

Mr. Sinclair: The present debate? Why not?

Mr. Robertson: We see that the financial critic of the official opposition has this to say:

> I would state without hesitation that we do have in this country, despite our glowing figures, those grandiose figures, uneasiness, and the feeling that we have been on the crest of a boom year after year, and there is the fear that one day the boom will end and the reckoning come.

How often have we heard that prophecy over the last few years? Here is what the hon. member for Middlesex East (Mr. White) had to say, as it is set out at page 1503 of *Hansard*:

> Now that we have lost the markets for our agricultural products and prices are decreasing, I am wondering where the government is going to get all the money it needs.

And quoting the leader of the Social Credit party, the hon. member for Peace River (Mr. Low), we find that he said this, as it is set out at page 1494 of *Hansard*:

> Fear of overproduction is beginning to manifest itself not only in the farming industry but also in many fields, in spite of the world's need for food, and other necessities of life, and in spite of hunger and suffering in many lands.

He goes on to say, as reported on page 1495:

> Today farm prices, it is true, are relatively more fair in relation to taxes and interest rates; but the general price level is so high that there is widespread fear that the present abundant situation will come to a sudden collapse.

Just what advice should the Minister of Finance (Mr. Abbott) take from the members of the opposition? Some are predicting a huge surplus while others are saying that our national production is falling away. If these latter people are right, then under our present taxation we will be budgeting for a deficit and even the financial critic of the official opposition says that that is not a good thing.

Our Minister of Finance has a wonderful and proud record to present to this house in the matter of debt reduction. Since 1947 he has reduced the national debt by $2,344 million, with an interest saving to the taxpayers of Canada of $62 million. I ask hon. members of the opposition what good businessman, under similar circumstances, would not do exactly as the Minister of Finance has done. Is it not true that the generally accepted business principle is to pay your debts during periods of prosperity? I have never heard anyone speak to the contrary.

The position taken by others is that we should have a planned debt reduction. What does that mean? It means that if the advice of those members of the opposition who are crying hard times is taken we will have to tax the people of Canada even more. Why is it not reasonable to adopt a pay-as-you-go budget and plan for a balanced budget? If our prosperity exceeds our expectations then I submit that that is the time to make payments on our national debt. Why should we saddle posterity with the debts of our generation?

I have noticed that the hon. member for Broadview (Mr. Hees) is becoming the official spokesman for the Conservative party at political meetings throughout the country. I congratulate the hon. member upon his rapid promotion within the party, but after reading some of his speeches I feel that I cannot congratulate the Conservative party upon their selection.

Mr. Lennard: You might do better than your man Thomson at that.

Mr. Robertson: Did I hear the hon. member say the leader of the opposition?

Mr. Rowe: You did not understand that at all.

Mr. Robertson: The hon. member for Broadview has been speaking at many political meetings. A report in the *Telegram*, the accuracy of which I am sure my hon. friends will not challenge, quotes him as saying in London, Ontario, that the present budget was a fraud on the Canadian people. The real fraud is the double talk of the Conservative party.

Let me give a few examples. I think the most glaring is the position taken by the leader of the opposition (Mr. Drew) on family allowances. We know that when he was premier of Ontario he said that he would do everything to prevent this iniquitous act becoming legislation. I listened to that speech on the radio and I have no doubt that he made that statement. He comes into the house now and tells us that he was opposing it on constitutional grounds. What sins are committed in the name of the constitution!

Mr. Knowles: The Liberal party ought to know.

Mr. Robertson: I should like to give another example of the double talk of the Conservative party. I have in my hand a report of a press conference which took place on Monday, March 12, 1951, at which time the president of the National Progressive Conservative Association was questioned by members of the parliamentary press gallery. He was asked this question by Mr. Baldwin:

> I believe the Progressive Conservative party voted with the C.C.F. for price control. Can you tell me why?

The answer of the hon. member was as follows:

> We did—

And then he continues:

> We supported the C.C.F. amendment because we wanted to register protest against the "do-nothing" policy of this government, and this was the only vehicle open to us. We might say that we were not subscribing to any particular form of control, and certainly not the old control.

Their advice—flexible controls selectively applied. That is the way the Conservative party would have handled the inflationary

pressure which we had some time ago. Could you imagine any greater disruption of our national economy had the government accepted their advice?

Mr. Rowe: It might have been better for business.

Mr. Robertson: It might have been better for the pulp and paper business at the present time.

Mr. Rowe: That is not helping either you or your party.

Mr. Robertson: We have heard many members of the Conservative party speaking in the house and attacking the government for removing the name "dominion" from certain statutes of Canada. They almost suggested that they were the only people who were proud of their British ancestry and of British traditions. Let me tell them that there are many members of all parties who are proud of that heritage. When we review the situation we find that not long ago their great party was known as the dominion Conservative party, but today we find that they are glad to call themselves the national Conservative party. Could we have a better example of double talk than that?

Mr. Rowe: When was it called dominion?

Mr. Robertson: You must have known because you had something to do with changing the name of your party. The members of the Conservative party are always preaching economy, and then they ask for larger and larger expenditures. I have already outlined some of the demands on the government which they have made. The Minister of Finance pointed out in his review that had the people of Canada accepted them in the last election our taxes would have been $1 billion more than they are under a Liberal government.

Finally they suggest to the people of Canada that we could have our national security program, that we could have ample money for national defence, that we could have all the money necessary for the orderly discharge of the business of this country and still offer the people of Canada a substantial reduction in the rate of taxation. Can you imagine a greater fraud being perpetrated on the Canadian people than the present policy of the Conservative party? I should like to tell you, Mr. Speaker, what other people think of the government of Canada and its accomplishments. I quote the *Monetary Times* of March, 1952, commenting on the return to parity of the Canadian dollar:

> Nearly everybody's happy that the Canadian dollar is back to parity with its American cousin. It's more than a matter of national pride. A par dollar will help reduce the cost of what we Canadians import from the United States. In this way parity is a contribution to a reduction in the cost of living in this country.

And the London *Times* under date of April 15, speaking of Canada's position, says:

> Clearly Canada is exceptionally favoured by fortune; but prosperity as well as adversity is a test of statesmanship, and much credit is due to Mr. St. Laurent's government for the happy condition of the nation's affairs. Canada may be congratulated the more wholeheartedly by her friends because her financial strength helps to buttress the entire free world.

Those of us who were privileged last evening to hear our distinguished visitors from the United States, Senator Gillette and Mr. Justice Roberts, will remember the tribute they paid to the economy of our country. I for one prefer to accept their opinion and that of such newspapers as I have quoted rather than the opinion of the official opposition or any other party in this house.

The financial critic of the official opposition accused the government of debauching our currency. He reminds me of the juryman who was unable to agree with the other eleven jurors. In exasperation he said, "I have never seen eleven such stubborn men." I submit that the financial critic of the opposition is in exactly the same category and that everyone is not out of step but the hon. member for Greenwood (Mr. Macdonnell). I do not wish to suggest for one moment that we have no problems in this country. We have had many problems; we are facing grave problems today and we will have great problems in the future. But I do suggest that the government has met those problems of the past effectively and, may I add, courageously.

We have certain problems in my own county of Northumberland which are causing some concern today, and I should like to mention them briefly. One is the fact that in Cobourg and the next largest town in the county, Campbellford, we have some unemployment. We know the development of the ordnance project at Cobourg will do much to relieve the unemployment situation in that town. In Campbellford the main difficulty is unemployment in the textile industry, which is general throughout the world. The Minister of Finance (Mr. Abbott) very ably pointed out that the depression in the textile industry was world-wide, but I was happy to note that he predicted some improvement in the near future. I am sure the government will give every consideration to the needs of the textile industry and will do what can be done to help it.

We have noted some decline in agricultural prices. That is causing some concern in my

riding, which is partly rural. The reasons for this decline are many and varied. Some are seasonal; some arise from overproduction and some from the loss of the British market. Some result from the foot-and-mouth disease, and some are a combination of all these. No one could expect the top prices we have been receiving for agricultural products to continue indefinitely, but I would like to impress upon this house my belief that it is most important that we see the returns from farm products do not fall below a reasonable level. I am convinced that we cannot enjoy real prosperity in this country unless our agriculturists are enjoying a decent scale of living. I endorse the farm price support policy of the government, which I believe is doing much to stabilize conditions in the country today.

The chief worry in connection with agriculture at the present time has to do with the dairy industry, and I want to speak particularly of the cheese situation. I listened with great interest a few evenings ago to the very interesting speech on cheese by the hon. member for Charlotte (Mr. Stuart). We have long recognized him as one of the leading authorities in this house on the fishing industry and I am pleased to see that he is so versatile. I could not agree with everything the hon. member said regarding cheese, but I do believe it is not the sole responsibility of the federal government to look after the cheese situation in Canada today. The difficulty developing in connection with cheese is a cause of great concern to all connected with the dairy industry, but we know that the Ontario cheese marketing board has asked the government of Ontario for authority to look after the marketing of cheese in this country. It is regrettable that at the present time there is a very poor market; but I am sure if the provincial government, after considering the situation that is developing, would come to the federal government and say, "The condition is serious. Can we not work out some co-operative effort to aid the cheese men," this government as usual would lend a sympathetic ear to such an appeal.

I would like to see a greater advertising campaign undertaken by the makers of Ontario cheese, in an effort to sell more cheese in Canada. I think we have the finest cheese produced anywhere in the world, but it is rather disheartening to learn that Canadians eat less cheese per capita than almost any other people in the world. If the Ontario cheese marketing board would undertake an extensive selling campaign I believe that could do much to relieve that situation. I do bespeak on behalf of the cheese makers of Ontario every consideration and assistance on the part of the government, should that assistance become necessary.

There is another matter I would like to discuss at this time. The hon. member for Kent, Ont. (Mr. Huffman) made a plea in this house not long ago for the rural mail carriers of Canada, and I would like to support that plea wholeheartedly. I feel that this government might well set up a special committee to study this problem. Under our present system, in order to obtain a contract it is necessary to put in a tender at such a low rate that there is actually no profit for the contractor. In effect these men must cut each other's throats. I do not think that is a good method by which to award rural mail contracts. Surely some alternative could be worked out to give a new deal to these people. The cost of automobiles has greatly increased. In the spring and winter months the roads are often in bad condition, and it is impossible for the rural mail carriers to maintain their vehicles in good condition at the present rates. I would respectfully suggest to the government that this committee be set up as soon as possible to see if some alternative satisfactory method of awarding contracts cannot be worked out.

There is one other matter which I should like to bring to the attention of this house, and it concerns the Canadian Farm Loan Board. In my opinion the present policy of this board is most inadequate to meet present needs. I know of numerous instances in my county where farmers with valuable farms have been unable to raise $3,000 or $4,000 mortgages. We know that the government is lending up to 90 per cent on urban dwellings. Why should we discriminate against the farmer, which in effect is what we are doing if we do not change the Canadian Farm Loan Board regulations as they exist today. I do not believe that those regulations have been revised for many years, and we all know of the difference in value which exists now as compared with the time when these regulations were put into effect.

In conclusion, Mr. Speaker, I should like to say that when I spoke in this budget debate a year ago I said that the future of Canada was bright, and that the affairs of this country were in good hands. Everything which has happened since that time only serves to make that conviction stronger. In fact, we must admit that our vision could not perceive of the great developments and expansion that was to take place in Canada. I believe that if the Canadian people prepare to work hard and to work together they can produce in Canada an unsurpassed heritage. I am convinced that our government has played a notable part in the progress which

Canada has made. I believe that the government merits the confidence it enjoys amongst the majority of the people of this country. From my experience and my association in this house I am prepared to say that the actions of the government are motivated by one simple desire, to do, at all times, what is in the best interests of Canadians and in the best interests of Canada.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, the member for Northumberland, Ont. (Mr. Robertson) has used the words "double talk" and "fraud" in a manner that suggests some attention should be paid to certain of the remarks that he made. I noticed that he has seen fit to repeat the utterly false statement that I, as premier of Ontario, was opposed to family allowances. This suggests the desirability of referring to the incident which occurred here on Monday, and for the reason that the statement that was made on Monday in another debate has been followed by a similar statement tonight. I intend to deal first with that subject.

Speaking on a private member's motion the Minister of National Health and Welfare (Mr. Martin) entered the debate just before the closing hour, and, with the knowledge that there would be no immediate opportunity for reply, placed on the record statements with which I now propose to deal, in view of the fact that it is obvious that this is a pattern which is to be followed by those associated with him. I propose to deal with this because it is not the first time that the Minister of National Health and Welfare has placed on the record similarly inaccurate statements in the same way. If I do not deal with them, particularly in view of the repetition of those statements tonight, I know that the minister will follow his usual practice of saying that his statements were not challenged, and therefore it must be assumed that they were accurate. He will, of course, disregard the fact that he spoke until eleven o'clock, and that no opportunity was afforded to deal with it. The minister had special reasons for knowing how completely inaccurate his statements were, but it is not only the inaccuracy of his statements in which I am interested; I am equally interested in the very obvious reasons for the introduction once again at this time of something which had no conceivable bearing of any kind on the motion which was before the house last Monday.

The motion under discussion at that time proposed that consideration be given to the adjustment of family allowances to bring them in line with the greatly increased cost of living in this country. Whether that would be wise or unwise is obviously debatable. One member of the C.C.F. party attracted considerable attention only a few days ago when he argued that there should be a reduction in the over-all payment of family allowances. The minister responsible thinks that there should be no change. Others consider that if the figure originally chosen was correct, then adjustments should be made so that the family allowance will represent the same amount in real buying power. It should not be open to question in this house that each of those three points of view could be sincerely held, without any question being raised about the belief in the principle that family allowances should be paid. Nevertheless, although I did not introduce the motion, nor in fact had the resolution on this occasion been introduced by a member of the Conservative party, the Minister of National Health and Welfare took the opportunity to once more attempt to create the false impression that I was opposed to the payment of family allowances. In support of this contention he read from a newspaper report covering part of something I had said nearly eight years ago.

One might well wonder why this persistence. One might well wonder why the return to something that took place during the war years. One might well wonder why the minister returned to something that took place before we finally met here in a dominion-provincial conference in August, 1945, in response to the request of the government of Ontario, conveyed to the government of Canada by myself as premier of that province at that time. Even if the minister had correctly interpreted my position at that time, it would have had no bearing whatever upon the motion before the house.

Mr. Sinclair: Have you ever recanted?

Mr. Drew: This is not the first, nor the second, nor the third time that the minister has made this same inaccurate statement. When he says that I was opposed to the payment of family allowances at the time I was premier of Ontario, he is repeating what he knows from the record and from his personal knowledge to be directly contrary to the facts. Under the rules of the house the minister would, in any event, be compelled to accept my statement as to the truth or otherwise of what I said. I do not rest my position on any such rule, and I will deal with this matter upon the basis of the record which is well known to the minister. On the other hand I express the hope that the hon. member for Northumberland (Ont.) has been misled, as others have been, by the minister through the repetition of that inaccurate statement.

Some hon. Members: Oh, oh.

Mr. Sinclair: Iniquitous legislation!

Mr. Drew: The point I wish to emphasize and re-emphasize is that, in this case, the minister has no excuse, because my own position as premier of Ontario and that of the Ontario government are a matter of record.

An hon. Member: It sure is.

Mr. Drew: Speaking on behalf of the Ontario government, and before any of the discussion took place which the minister now seeks to interpret so inaccurately once again, I made it clear over and over again that we believed in the principle of family allowances and that we wished to discuss the subject with the dominion government. As the Minister of National Health and Welfare (Mr. Martin) well knows, in writing and otherwise we proposed to the then prime minister of Canada that there should be conferences to deal with the broad problems of social security. Those who remember what took place know that the letter which I wrote to the Prime Minister of Canada was used by him as the basis for the discussions. He sent that letter to the premiers of the other provinces, with the suggestion that this be taken as the basis of our subsequent meetings.

At that time the war seemed to be drawing to a close and the Ontario government—and for that matter most of the other provincial governments—were expressing their concern at that time about the danger to our constitutional position if centralization of taxation and control continued to follow the pattern which had developed during the war. During the war we had all agreed to the suspension of many constitutional prerogatives of the provincial governments to facilitate the war effort. We were doing our utmost, however, to persuade the dominion government to hold conferences before the end of the war so that after the war was over our democratic federation should return to its historic position of checks and balances between the dominion and provincial governments, as laid down in the British North America Act. I objected—and I was not alone in that objection—to the action of the dominion government in dealing with this subject of family allowances without consulting the provinces and in dealing with that subject as though the payment of family allowances were merely a matter of dollars and cents and not a social problem of the utmost importance to all our people.

As has been the case over and over again when we have sought to emphasize the constitutional position, the government employed all its propaganda power, used at the expense of the people, to convey the impression that we were impeding their course which, one would almost think, to hear their statements, had by that time gathered something of the atmosphere of divinity.

In the very speech to which the Minister of National Health and Welfare referred last Monday, I said as long ago as August 9, 1944:

> We are in favour of every proper step being taken to encourage large and healthy families. We believe in sound provisions for family allowances and social security.

That was nearly eight years ago. Surely those words are definite enough. But they were studiously disregarded by the Minister of National Health and Welfare, as they have been over and over again when he seeks to give the very opposite impression to this house—and, of course, outside of it with even wider disregard for the accuracy of his statements. As he well knows, that has been my position, as it was the position of the Ontario government, at all times when this subject was under discussion. Nor is there any necessity for defining my position by any isolated statement of that kind. In public statements, in letters to the Prime Minister of Canada at that time, in personal discussions with him and in statements to the Ontario legislature, this subject was discussed many times. The Minister of National Health and Welfare is well aware of that fact.

Just to place on record exactly what our position was—and a position that I might say was well known to the dominion government at that time and since—I propose to quote from the record of what I said in the Ontario legislature on February 22, 1945, more than seven years ago and long before I was in this House of Commons. I shall continue to quote until I indicate that the quotation is ended because, of necessity, it is a fairly extensive quotation.

> This government has from the beginning been convinced that family allowances are an integrated part of the whole question of social security, and has so stated. The members of this legislature will recall that I made this clear and definite statement on behalf of the Ontario government on August 9 last:
>
> "We are in favour of every proper step being taken to encourage large and healthy families. We believe in sound provisions for family allowances and social security."
>
> That was our position then. That is our position today. I have stated over and over again that we regard family allowances as one of the most important social services; that it is therefore within the exclusive constitutional jurisdiction of the provinces; that the provinces must be consulted if there is to be any effective administration of family

allowances; and I have publicly urged over and over again that there be a dominion-provincial conference to settle the basis upon which the dominion and provincial governments of this country can best combine their legislative authority for the benefit of all our people.

The problem with which this and every other provincial government is faced has been stated most clearly by the Hon. Stuart Garson, Premier of Manitoba. I will quote his own words on the subject:

"We are still puzzled as to one of the most important points. . . We have no information before us which indicates conclusively whether the dominion government itself regards and justifies family allowances primarily as a social security measure, or as an instrument of federal fiscal policy . . .

It seems to me that the point here is that the dominion government in introducing family allowances without consulting the provinces, whose jurisdiction over the field of social services heretofore in practice has been considered almost exclusive, surely could not have intended to justify them solely or even primarily as a social service measure. As such they would constitute a federal intrusion in a provincial field of jurisdiction."

I would remind hon. members of this house that I have been quoting from the words of Hon. Stuart Garson, who at that time was premier of the province of Manitoba. I will now continue to quote from the record of the debate in the Ontario legislature:

I do not believe the situation could be more clearly stated. If family allowances are to be regarded solely or even primarily as a social service measure, then again to quote Mr. Garson's words, "They would constitute a federal intrusion in a provincial field of jurisdiction."

Now we are told by the minister responsible for the administration of this act that it is part of a broad system of social security. If that is so, and we have never been in any doubt that it was so, then this act is an intrusion upon the provincial field of jurisdiction without any consultation with the provinces. In fact the situation goes very much farther than that. Having disregarded the constitutional position of the provinces and their jurisdiction over social services in the introduction of the act, the dominion government has refused repeated requests from myself and other provincial premiers for a dominion-provincial conference to discuss this and other invasions of our authority.

I wish to assure the members of this legislature that we have at all times made it abundantly clear that we were not seeking to raise constitutional issues but that we were seeking to avoid constitutional difficulties in the future. I have made it clear, and I believe the premiers of other provinces have made it equally clear, that our purpose in insisting upon a dominion-provincial conference immediately is not to raise barriers against measures which will be for the benefit of our people but rather to make sure that we combine the full constitutional power of the dominion and provincial governments, so that whatever is done may not be upset subsequently by any one who wishes to test the validity of legislation of this nature in the courts. We also wish to make sure that the highly trained and competent social service workers in the different provinces have their part in the administration of any plans of social security which may be adopted.

Anyone with the least knowledge of family and child welfare knows that the health, housing, nurture and all the interests of human beings, hang together in a well-integrated whole. You cannot deal with the human needs of a family today without relating closely all the resources in your social catalogue—maternal care, nutrition, housing, mothers' allowances, all forms of assistance, etc. So, your whole welfare security program cannot be done on a bits and pieces basis. It has to be unified and its administration rests with the provinces unless the whole basis of confederation is to be destroyed. . . .

That is the end of the quotation from the records of the debate in 1945.

Mr. McIlraith: What is the precise date of the quotation?

Mr. Drew: February 22, 1945.

Mr. Sinclair: What is the date of the quotation the minister used?

Mr. Drew: No sooner had I made that statement than misrepresentations were repeated such as those which have been repeated here tonight, and were repeated on Monday night in regard to our position in relation to family allowances. For that reason I referred to this subject again only four days later in the Ontario legislature, on February 26, 1945, and to those who have apparently come into the house since I started to speak, that was over seven years ago. Again I quote from the record of what I said on that occasion, and again until I have indicated that the quotation is ended I shall be quoting from the record of the discussion in the Ontario legislature:

The statement I gave to the legislature last Thursday was not intended as a complete statement on this subject, nor was there any suggestion that it was intended to take the place of the remarks I proposed to make in the debate on the speech from the throne.

I did recall, however, our positive and very definite statement that "we are in favour of every proper step being taken to encourage large and healthy families. We believe in sound provisions for family allowances and social security."

In spite of our position having been stated so clearly, statements are still made that we are opposed to family allowances.

I referred to the iniquitous principle involved in the measure which has been adopted by the dominion government. My speech quite clearly was not referring to any opposition to family allowances. It was referring to the principle that family allowances are not part of social security and that they should be regarded as a mere economic question. We also believe it is an iniquitous principle that very large sums of money should be taken from the taxpayers of this or any other province to be paid for something which falls within the jurisdiction of the provincial governments, without consulting those provincial governments and establishing a proper basis of taxation and payment right across Canada.

At the time I said that we would oppose the course being followed by the dominion government, we had the unqualified assurance of the Prime Minister of Canada that there was going to be a dominion-provincial conference to discuss matters of this kind, and it was our intention to do everything within our power at that conference to assure that we have a proper system of family allowances and that the rights of the people of Ontario be protected.

Now may I come to the suggestion that we intend to take legal steps to prevent the dominion act going into effect. That is not our intention and it never has been our intention. I have said in this legislature and elsewhere many times that I do not believe that the dominion and provincial governments should get involved in legal technicalities, but rather that they should meet around the council table to work out their problems and find the very best solution in every case, so that their combined powers may find full expression for the advantage of the people of this country.

Our purpose is to have in this province the very best system of family allowances which can be worked out on the basis of the accumulated experience of every other jurisdiction which has already adopted this measure. As I said last week, we wish to join hands to combine our legislative power with that of the dominion government to assure the best social services which can be devised.

You will find that in a speech as recently as Saturday night, Mr. Claxton made it quite clear that this province has been co-operating in all the preliminary details necessary for carrying out such a measure under such terms as might be agreed upon. We have, in fact, set up the most modern methods of recording vital statistics, and have installed photographic devices which provide the government at Ottawa with every detail of our vital statistics for the very purpose of carrying out this or any other measure.

I believe it is an iniquitous principle that payments should be a mere baby bonus based upon the fact that a baby has been born. I believe that our people want real family allowances, in the accepted meaning of that term, for the maintenance, care, training and upbringing of children, in a way that will assure the welfare of the children themselves. That is not accomplished by the present dominion act. We have the clear words of the Prime Minister of Canada, "The act does not in any way attempt to legislate in respect of family life." If it has nothing to do with family life, then how can it possibly assure the welfare of the children in those families which receive the money?

As you know, we have continued to press for a dominion-provincial conference right up to the opening of this session for the very purpose of bringing together the combined authorities of our governments so that in this, and every other case, no constitutional difficulties might arise and that everything should be done with full knowledge of the facts and with the certainty that what is undertaken will be carried out in the best interests of our people.

That is the end of the quotation which was taken from what was said in the Ontario legislature on February 26, 1945. I would point out that what the Minister of National Health and Welfare (Mr. Martin) read had nothing to do with the question of whether or not we were in favour of family allowances. He was quoting from a speech which he now has in his hand—and I welcome the fact that this has been brought out in the open, here, instead of simply knowing that it is being repeated with trimmings, as it has been repeated, with very unreliable trimmings over and over again in the past.

And may I say this, in so far as this is concerned, that I believe the Minister of National Health and Welfare knows his Shakespeare well enough to recall that it was only when Iago was not exposed that he was really dangerous.

But, in so far as this is concerned, I do wish to go on with another aspect of the subject. The Minister of National Health and Welfare himself is either dealing with the question of family allowances or he is dealing with something else. And if he wants to raise other subjects, then let him be quite assured that, on that level, he will be inviting a course that would of necessity result in dealing with matters which have no relation to the subject which he pretends to be dealing with, and which he regards as of so much importance.

Those were not the only occasions upon which I spoke about this subject. It was discussed frequently. What is more, the subject was discussed with representatives of the dominion government. And they themselves came to realize that it would have been an iniquitous thing to have carried out their original plan, and simply appropriate money and hand out payments without any regard to the possibility that those payments might never be used for the benefit of the children. Therefore they came to the Ontario government, as they went to other governments, and they sought the assistance of their social service organizations to do the very thing that we had said should be done.

And it may be a matter of interest to know that the present Minister of National Health and Welfare has on different occasions commended the Ontario government for the manner in which it has carried out those services in co-operation with the dominion government. And the very minister who now repeats this statement that we were opposed to family allowances knows very well that it was under my direction, as premier of Ontario, that the instructions were given that those services should be made available.

It may very well be asked why the Minister of National Health and Welfare would raise this subject at this time. The purpose was clear. It was the same purpose which has prompted a number of members on the other side of the house for some years to do the same thing, and prompted another member here in this house tonight. Because those statements seemed so unworthy of notice, and were so palpably absurd, I must confess that I have not dealt with them as vigorously as I should. It seemed to me that, in themselves, they constituted the most severe criticism of those members who made them.

On looking back over the numerous occasions on which this utterly unfounded allegation has been made I find, however, that the Minister of National Health and Welfare has taken occasion to mention that I did not deal with his statement and that, therefore, I must be regarded as accepting its accuracy. He knew perfectly well what the position was; but because of that attitude, because of the obvious reason for introducing a subject which had no relation to the motion before the house last Monday, I place these facts on the record today in a way that I have not attempted to do before, or have never thought that it was necessary to do since I entered this house.

I am well aware of the nature of the attacks which have been made upon me personally in regard to family allowances. Please do not think that these attacks, which are made from house to house, do not come back and are not accurately reported. Please do not think for one moment that I am not well aware of exactly the nature of the things that are being said in the different provinces, and which are being said in different provinces in entirely different ways.

An hon. Member: You were not there, George.

Mr. Drew: I recognize the fact that at least one member of the Liberal party is well aware of exactly what has been done, and has indicated that. In the province of Quebec I am described as being an opponent of the people of Quebec.

Mr. McIlraith: Aren't you?

Mr. Drew: And do not think that I do not know that. And may I say that the hon. member for Ottawa West (Mr. McIlraith) displays his usual fairness in the remarks he has just made.

Mr. McIlraith: Your association sent me a speech delivered on July 9, 1944, with the subheadings that the association put on it.

Mr. Sinclair: When you called the French a defeated race.

Mr. Drew: Mr. Speaker, I am very interested in these interpolations, because it is quite obvious that what is being said has nothing whatever to do with whether I was for or against family allowances—nothing whatever.

What has just been said has supported what I have been saying, and what has been exposed now is the type of underhand campaign that has been carried on; and I welcome the opportunity to bring it into the open.

Mr. Chevrier: You are a past master at underhand campaigns.

[Mr. Drew.]

Mr. Drew: Mr. Speaker, when the Minister of Transport says that I am a past master at underhand campaigns, he simply brands himself as the contemptible type of politician that I always knew he was.

Mr. Chevrier: Mr. Speaker, on a question of privilege: No hon. member in this house—

Some hon. Members: Take it.

Mr. Chevrier: I have a right to the floor. I am rising to a question of privilege.

Mr. Speaker: Before I decide whether it is a question of privilege, I would suggest to both hon. members that they withdraw their remarks.

Mr. Chevrier: Just a minute.

Mr. Drew: Not "just a minute".

Mr. Chevrier: The leader of the opposition has made a statement in this house using the word "contemptible", which no member has a right to use in regard to another member. He should withdraw it.

Mr. Drew: Mr. Speaker, I willingly withdraw the statement I have made if the hon. member withdraws the statement that prompted it.

Mr. Speaker: Order. The Minister of Transport (Mr. Chevrier) did make a statement which, in my opinion, was also unparliamentary; and I think both hon. members should withdraw.

Mr. Chevrier: I accept your ruling, and withdraw accordingly.

Mr. McIlraith: Before the leader of the opposition continues, and speaking to a point of order—

Some hon. Members: Sit down.

Mr. McIlraith: —the leader of the opposition used precisely—

Some hon. Members: Sit down.

Mr. Speaker: The hon. member is speaking to a question of privilege, but I cannot hear what he is saying.

Mr. McIlraith: On a question of privilege: The leader of the opposition used the precise language with respect to me that the Minister of Transport used with respect to him, and which Your Honour has asked the Minister of Transport to withdraw. I would presume, therefore, that the leader of the opposition will withdraw his remarks, which were in identical terms.

Mr. Abbott: He certainly will.

Mr. Drew: I point out that I referred to a "contemptible campaign"; those were the words I used; and I leave it to the record.

Mr. McIlraith: "Underhanded".

Mr. Drew: "Underhand campaign", yes. I referred to an underhand campaign, and that of course obviously was referring to a general campaign outside this house—and the matter stands there.

Mr. Speaker: I did not take it that the leader of the opposition was referring to the hon. member for Ottawa West.

Mr. Abbott: He did; he certainly did.

Mr. Speaker: Order. It is unfortunate that the matter was not brought to my attention at the time. I am sure that the leader of the opposition does not want to use any expression that is unparliamentary.

Some hon. Members: Oh, oh.

An hon. Member: Withdraw.

Mr. Speaker: Order. As I say, I do not know what words the leader of the opposition used. He knows what words he used and if they were unparliamentary, it is up to him.

An hon. Member: Better withdraw.

Mr. Drew: I am proceeding because the words that I used were not unparliamentary. They will stand as a matter of record and Your Honour will be able to read them tomorrow in *Hansard*.

Mr. Abbott: Continue with your text.

Mr. Mutch: Have you special privileges?

Mr. Drew: I was referring to the kind of campaign that was carried out from one point of view. But, of course, that would not have been a satisfactory campaign to carry on in other parts of Canada so an entirely different campaign was carried on in the rest of Canada. In that campaign I was described as being too friendly to the province of Quebec.

An hon. Member: Where was that?

An hon. Member: That is a good one.

Mr. Mutch: Why bring that up?

Mr. Drew: Apparently the hon. member has fallen a victim to his own propaganda. There are one or two hon. members who do know the nature of that propaganda. I see the hon. member for Spadina (Mr. Croll) nodding affirmatively, because he does know of it. I am pointing out something to which I shall refer by means of quotations because this was dealt with as well in the Ontario legislature. My experience in this respect is not unique.

Mr. Abbott: He has lost his place.

Mr. Drew: May I at this time, in order to lighten the otherwise rather strained atmosphere some people are seeking to create, welcome the wanderer home and say on behalf of everybody in this house that we are glad to hear his remarks again in this house.

Mr. Abbott: I am more than grateful. The weather was not as good as it was in Nassau, I am told.

Mr. Drew: I shall deal with that subject later. I say that my experience in this respect was not unique. We had an example yesterday afternoon in a speech made in this house when we heard the old catalogue of attacks upon different leaders of the Conservative party. There is not a member in this house who does not know of the shameful and shameless things that were said about one of the most brilliant Canadians who ever entered public life, the Right Hon. Arthur Meighen. I remember the things that were said about Sir Robert Borden, about Lord Bennett, about Mr. Manion, Mr. Hanson and Mr. Bracken. The time has come, yes the time is long overdue to place squarely where it belongs the full responsibility for this effort by officials and others of the Liberal party to undermine confidence in their political opponents by fair means or foul.

The quotations from what I said in the Ontario legislature, which I have already read, dealt with attacks of one kind which have been made here in this house and were made in this house more than seven years ago and also in the Ontario legislature. But I also found it necessary to deal with that other kind of attack, the charge that we were so closely associated with Quebec to the detriment of the rest of Canada. There is no hon. member who is frank who will not admit that he has heard that statement made here in this house and elsewhere. So that I may indicate what my position has been all the way through these discussions, I shall quote from the *Hansard* record of the debates of the Ontario legislature of April 15, 1948, as follows:

> The co-operation between the governments of Quebec and Ontario has covered a very wide field. We have been able to make satisfactory agreements, not only for the construction of new power plants on the Ottawa river, but also for additional supplies of electric power over and above existing contracts. We have established a wide measure of uniformity in different fields of taxation, and there has been the closest co-operation between such related departments of government as mining, lands and forests, highways and so on.
>
> The governments of Quebec and Ontario have at all times, since the meeting of the dominion-provincial conference, in August, 1945, held similar views in regard to the importance of respecting the constitution which made this country a nation in 1867. On no single occasion, either at the first

meeting of that conference or at the meetings which followed, did either the government of Quebec or the government of Ontario express any opinion or put forward any proposal which did not recognize the desirability of general agreement to provide those services which will elevate the living standards of all the people of Canada wherever they may live.

It is only necessary to examine the statements made in different provincial legislatures this year to realize how disillusioned are some of those governments which submitted to the terms put forward by the dominion government without consulting the provinces. The governments which a year ago hailed the purchase price of their taxing rights as the dawn of new financial security for the provinces, are, in a number of cases, now forced to resort to new forms of taxation to meet their current financial requirements.

I believe the time is not far distant when those provinces which did give up their most important taxing rights for a fixed payment, without any compensating advantage, will come to the decision that the refusal of the governments of Quebec and Ontario to submit to such terms actually saved our federal system, without which there can be no sound basis for national unity in Canada.

I repeat exactly what I said then: The time will come when the people of this country will understand that it is extremely important for all Canadians that the British North America Act at least have the continuing existence which was assured by the fact that two of the provinces representing well over 60 per cent of the population of Canada did not abandon that division of authority which was so well created in 1867. Then I went on to refer to this attempt that had been made at that time in the Ontario legislature to criticize me for being too friendly with Quebec, for being too closely associated with them in what we were doing at that time. I quote again from the *Hansard* record of that day:

I regret any attempt should be made to criticize that co-operation. Before confederation these two provinces were one. Our history follows a parallel course through many long years. One of the most important questions before all of us today in Canada is whether we will fan the embers of past misunderstandings, or seek in every way we can to find a broader basis for co-operation and friendship with the common purpose of building a stronger and more united Canada, within which every province and everyone in them will share the many advantages and opportunities which Providence has placed at the disposal of this great nation.

What I have quoted shows the position I took, first of all in regard to family allowances, and second in regard to this allegation repeated over and over again that the government of Ontario was aligning itself too closely with Quebec, that they were becoming too intimate. Yes; on that very day it was said, as an attack, that I walked arm in arm with the premier of the province of Quebec.

Mr. McCann: You let it go, though.

Mr. Drew: I have been prepared to walk arm in arm with the premier of Quebec or the premier of any other province or the Prime Minister of Canada when the course they were following was really intended for the welfare of the people of Canada. May I say to some of those who are so anxious to sow the seeds of suspicion and distrust—

An hon. Member: And discord?

Mr. Drew: Yes, and discord—that it was not only the present premier of Quebec with whom we had very friendly and satisfactory relations. My very first official call as premier of Ontario was on Premier Godbout of Quebec, to discuss the mutual interests of our two provinces. I have said publicly in the Ontario legislature and I repeat now, that unlike some of those who belong to the same party in other fields I found Premier Godbout most anxious to co-operate with the province of Ontario and ready to join hands in any way he thought he could at that time, in the interests of the two provinces.

Now, Mr. Speaker, there is not one of us who on some occasion has not used words which taken from their context could convey a meaning entirely different from that which was intended. I will go further. There is not one of us, including the Prime Minister and the members of the government, who on some occasion has not used words that at a later date and in view of later events he would have chosen otherwise.

Mr. Sinclair: Now we are coming to it.

Mr. Drew: But let us go still further. The question before us is this. Is this government, or are the members of the party who make up this government, so anxious to establish a basis of understanding and good will among other nations but anxious only here in Canada to create friction, misunderstanding and discord by the repetition of things of this kind? Is it more important to try to create good will and understanding in Canada or good will and understanding among distant countries in whom we are interested but whose welfare is not our concern as much as that of the country in which we live and which we are pledged to serve? I would remind you, Mr. Speaker, that not very long ago we listened to a Liberal member repeating these very statements, using such terms as "fraud" and "double talk" and words of that kind.

Mr. Robertson: On a question of privilege, Mr. Speaker, I would point out that I only read what the hon. member for Broadview (Mr. Hees) had said in referring to the budget. He referred to it as a fraud, and I said the real fraud was the double talk of the Conservative party.

Mr. Drew: The hon. member who has just spoken obviously was only reflecting what

had been prepared for him, perhaps by the recent member for an adjoining riding.

Mr. Robertson: I would ask the leader of the opposition to withdraw that remark, because absolutely no one helped me in the preparation of that speech.

Mr. Drew: I withdraw the remark. The speech sounded so much like Mr. Thomson that I did make a mistake.

Mr. Abbott: That sounds so much like Rod Finlayson that it is hard to distinguish.

Mr. Drew: The great intelligence of the Minister of Finance (Mr. Abbott) is well displayed by the interjection he just made. He has been complaining about the fact that for some time I have been reading statements I made in the Ontario legislature over seven years ago. I would point out that, highly though I regard Mr. Finlayson, he was not with me at that time. I was quite able then, as I am now, to make my own statements and I take full responsibility for the statement that the minister was utterly irresponsible in the statement he just made. It was very interesting to note the very generous applause with which members of the Liberal party greeted the speech by the hon. member for Northumberland, Ont. (Mr. Robertson).

Some hon. Members: Hear, hear.

Mr. Drew: And of course it should be applauded because it followed their pattern, and I would be surprised if it were not. But it is also interesting to note how unwelcome to the members who applaud in that way is any statement which deals with the conduct of which they have been guilty for so many years.

I have placed these matters on record, Mr. Speaker, and I go further and say this. There is not one member of this house who would not wish that at some time he might have put words in a different form.

Some hon. Members: Oh, oh.

Mr. Drew: That applies to the Prime Minister, to every member of the government, and I am sure to every Liberal member in this house. May I say this? No matter what words are used the question before the members in this house today is whether or not we are going to seek a basis of unity or try to destroy unity by picking out anything that will sow the seeds of discontent in this country of ours.

Mr. Speaker, is it not an interesting thing that we should be applauding the fact that two nations, which only a few short years ago were engaged with us in bitter conflict, are now free of the shackles imposed upon them after the war and that we are seeking to lay the foundations of friendship with those nations at this time? True, we remember the conflicts that took place, but today we are seeking to build for the future by extending the hand of friendship to Germany and Japan, and other nations, in a common fellowship of nations for our own good. If it is logical, if it is sensible, that we should seek grounds of understanding in the international field, then surely it is unworthy of any Canadians who profess a belief in that course and at the same time follow a different course here in our own country. Certainly, there have been misunderstandings; certainly, there have been differences of opinion and violent differences of opinion; but it is the genius of our form of democracy and of our people that we are able to compose our differences and join hands in friendship in building for the better days ahead.

I ask hon. members to recall this fact. They are going back nearly eight years, as they have gone back for other periods of time and yet is it not significant that here in this building, on August 6, 1945, the representatives of the nine provinces which then made up Canada met to discuss the future of Canada with the representatives of the dominion government? Is it not significant that there were those that thought that the unity of purpose and common understanding between the representatives of Quebec and Ontario were too close for their satisfaction? Whether the allegation was right or wrong, that it was too close for their satisfaction, at least there was no doubt that there was real understanding between the governments of Ontario and Quebec in regard to the constitution and what it meant in protecting the rights of our people. May I go further and say that there was not a single provincial premier who disagreed with the position that we took at that time in regard to the importance of the constitution as a basis for national unity. One by one some of the provinces found it necessary to make financial arrangements, but that did not change their expressed belief that we should preserve the constitution intact in every way.

Now, with that background, with the fact that the representatives of Quebec chosen by democratic process within that province, met and found common ground—yes, and, according to those who sought to criticize us, close friendship—with representatives chosen by democratic process in Ontario, surely that is evidence of the way in which the affairs of this country can be operated in the best interests of the people of Canada. Those who talk so piously of national unity, and at the same time sow the seeds of suspicion and

distrust, not in relation to any subject under discussion but for another purpose clearly disclosed, those people are guilty of nothing less than a form of national sabotage. I repeat the words that I have used before:

> One of the most important questions before all of us today in Canada is whether we will fan the embers of past misunderstandings, or seek in every way we can to find a broader basis for co-operation and friendship, with a common purpose of building a stronger and more united Canada, within which every province, and everyone in them, will share the many advantages and opportunities which Providence has placed at the disposal of this great nation.

We have great and important subjects to discuss, Mr. Speaker, and we can discuss them upon a factual and reasonable basis. There are two courses open. If members of the government depart from any subject before this house seeking to introduce other subjects for purposes so clearly unrelated to the matters in debate, then their real interest in national unity will be clearly expressed. The choice is theirs. There is no doubt about the fact that they have used anything that they thought would be of advantage, and no harm will be done in exposing openly anything that they have used secretly, and used over and over again. But the fact still remains that if we here in this country are sincere in our expression of belief in good will, in better understanding and friendship between peoples in distant lands, then the test of that sincerity will lie in the course that we follow right here in Canada.

I have placed that on the record, Mr. Speaker. I shall be able to refer to it without repeating it on other occasions. The choice is the choice of those on the other side as to which course we follow from this point on. I have dealt with one subject which I was prompted to do by the remarks that were made here tonight and earlier. I wish now to deal with the remark that was made by the Minister of Finance (Mr. Abbott). Of course, Mr. Speaker, that vacant look of surprise on the minister's face is a perfectly natural expression to which we are all accustomed. Nevertheless, it is a perfectly natural expression for a man who returns after a long absence to surroundings which now must almost seem strange to him.

Mr. Abbott: I did not get as far away as Nassau, either.

Mr. Drew: I am referring to the interjection he made when I welcomed him back. I welcomed him back and he made an interjection which suggested that possibly he was able to keep in touch with affairs just as well where he was as it was possible for me to do in Nassau. It happens that I was in Nassau while this house was not in session.

Mr. Mutch: Why did you not wait?

Mr. Drew: It also happens that I am not responsible for the presentation of the budget. I would be ashamed if I were.

Some hon. Members: Oh, oh.

Mr. Abbott: So would the country.

Mr. Drew: But I will assure him of this. This is not the first time that I have been in opposition and it is not the first time I have occupied another position. I will only assure him of this. No matter how remote he may think is the possibility of a Conservative government's being in power, I will tell him that no Conservative finance minister who was the finance minister of any government for which I was responsible would lay a budget before this house and then leave the house without any member of the government representing him to deal with what was before it.

Mr. Abbott: I was just wondering—

Some hon. Members: Sit down.

Mr. Speaker: Order.

Mr. Abbott: I was just wondering if my hon. friend—

Some hon. Members: Sit down.

Mr. Speaker: Order.

Mr. Abbott: I was just going to ask a question.

Some hon. Members: Order.

Mr. Speaker: If it is a question that the minister wishes to ask, it can be asked with consent.

Mr. Drew: Mr. Speaker, I am quite ready to allow the minister to deal with this matter after I have finished. He has not risen on a question of privilege. I would suggest that he contain himself.

Mr. Abbott: I was wondering if my hon. friend would allow me to ask a question. If he does not want me to ask it now—

Some hon. Members: Order.

Mr. Abbott: —I will wait.

Some hon. Members: Order.

Mr. Speaker: Order.

Mr. Abbott: If my hon. friend—

An hon. Member: He is up again.

Mr. Knowles: Can we not sell tickets to this show?

Mr. Speaker: Order.

Mr. Abbott: I just wanted to ask a question.

Some hon. Members: Order.

Mr. Speaker: Order. I cannot allow the question to be asked unless the leader of the opposition consents.

Mr. Abbott: It is quite all right. If he does not want to answer it, I do not mind.

Some hon. Members: Order.

Mr. Abbott: It is a very simple question. He is afraid to answer it.

Mr. Speaker: Order.

Mr. Abbott: It is a very simple question.

Mr. Rowe: Rise, then, and ask it.

Mr. Speaker: I must ask hon. gentlemen to maintain order.

An hon. Member: Ask the Conservatives.

Mr. Speaker: I refer to all members of the house.

Mr. Abbott: I do not want to interrupt.

Some hon. Members: Oh, oh.

Mr. Abbott: Perhaps the leader of the opposition will allow me to ask the question when he is through with his speech.

Some hon. Members: Order.

Mr. Knowles: Can we not sell tickets to this show and pay off the national debt?

Mr. Rowe: I do not think the minister wanted to ask it very bad. Let him get to his feet if he wants to ask it.

Mr. Abbott: It is a good question.

Mr. Drew: Mr. Speaker—

An hon. Member: Killing time.

Mr. Drew: To me it is a very interesting thing, Mr. Speaker, to hear a remark to the effect that I am killing time; but this is the first moment for some time that it was possible for anybody to be heard, in view of the noise which has been coming from the other side.

Some hon. Members: Oh, oh.

Mr. Sinclair: From the Conservative benches.

Mr. Drew: I was interested in one of the remarks made by the hon. member for Northumberland, Ont. with regard to the budget itself which he finds to be so satisfactory. He asked us where there could be any savings in this budget. Without attempting to cover too broad a field with regard to the many places where savings can be made—and many of them have been suggested—may I remind every hon. member that we have had dramatic evidence recently of how money can be saved. That has been furnished by what happened at Petawawa.

Mr. Ferrie: Do you endorse Ross Thatcher?

Mr. Speaker: Order.

Mr. Drew: The Petawawa incident is something which does more than merely raise the necessity for charges being laid. It is a great deal more than that. Let us remember that this is not the first time that there have been extensive thefts from camps here in Canada. This is not the first time that there have been warnings to the Department of National Defence that it was necessary that there be careful supervision of the military establishments of this country. There was, for instance—apart from other lootings in other camps—the dramatic episode at Farnham in Quebec where, for all practical purposes, it was discovered in December, 1949, that a whole camp had disappeared. That camp was equipped with plumbing, electrical fixtures, wiring, sinks, showers, refrigerators and all the things that go along with camps.

Mr. Cruickshank: Was that Sam Hughes?

Mr. Drew: That camp disappeared except for a few of the walls and the foundations which could not be conveniently moved. Of more than 100 wooden structures—and very solid wooden structures they were—in that huge camp area, an undisclosed number had been lifted intact from their foundations by a heavy-tracked vehicle and sold for prices ranging from $25 to $50 to farmers and other residents in the eastern townships at that time.

That incident surely should have been a warning of the necessity for effective supervision of the valuable property under the control of the Department of National Defence. But other events have gone on which were or should have been a warning to the Minister of National Defence (Mr. Claxton), and the responsibility must be his under our system of responsible government. Last June here in Ottawa there was a fire which did damage to the extent of $731,332.88, according to the returns tabled in this house. That was on June 2. On June 6 the hon. member for Peterborough West (Mr. Fraser) met the Minister of Justice—

Mr. Fraser: In his seat.

Mr. Drew: —spoke to him in his seat in this house, and told him that he was able to furnish him with the names of men who could swear that paint, raincoats and other materials of that kind, and of the nature of those that had been in this building which was burned on June 2, had been offered for sale on the streets of the city of Ottawa. He

told the same thing to the Minister of National Defence on June 12.

Mr. Fraser: June 13.

Mr. Drew: Or on June 13. It was indicated that those names were available. Naturally the hon. member for Peterborough West expected that he would be requested by the appropriate officials to give the names so that these could be followed up. Nothing was done. That was only one of a number of fires last year which resulted in damage which reached a total in value of $1,438,354.87. Nor have those fires stopped. For the first two months of this year there were fires that cost this country, according to the government's figures, $3,173,442.27. The thing that is very noticeable about these fires is the number of occasions on which they occurred in places where goods and equipment, and things that might be disposed of, have been stored. After all, what more effective way to make it impossible to check on the amount of the remaining stores of any kind could there possibly be than to have a fire which would destroy part of the stores and make it quite uncertain as to what had been there when the fire started?

Let us simply consider what happened at Petawawa. This extraordinary series of thefts was not discovered by anyone in the Department of National Defence. These carload thefts were not discovered by this department that had warnings for years of looting and thefts as well as of the danger of fire. It came to light only because of the integrity, because of the honesty and the sense of public duty, of the wife of one of the men in that camp. She, knowing that her husband was being approached by a participant in this nefarious scheme, reported it, as it was her duty to report it, and a duty which she fulfilled, to the Royal Canadian Mounted Police. But it was not the Department of National Defence. So far as they are concerned, the chances are, so far as any record would suggest, that these thefts would still be going on if it had not been that someone was approached whose honesty itself was the safeguard of this country.

If it were not so serious in what it implies in a break-down of morale in certain sections of that organization—and certain very limited sections of that organization—this thing would be laughable. Who ever heard of any organized thefts which had reached the effrontery of stealing a whole railway siding?

Mr. Rowe: Tracks and all.

Mr. Drew: Tracks and all. Theft is certainly becoming a fairly confirmed habit when the temptation to lift rails from a siding cannot be resisted by those who were carrying out this operation on such a grand scale. And there appears no likelihood that this would have been discovered, although all this was under the supervision of the Department of National Defence. It so happened that these rails belonged to a railway company. The report suggests that they belonged to the Canadian Pacific Railway. Of course, so far we have only the reports, but reports written in a manner to suggest that they were from people who had made inquiries on the spot.

The officials were challenged in regard to the absence of this track. They indicated their surprise, and I have no doubt that the surprise interpreted itself in a proper admonition to those who had been so careless in their operation. But, according to reports—and these are the reports, after all, that the public received—not to be stymied by anything of that kind they went and tore up another track and replaced the rails in that way.

It is ludicrous, Mr. Speaker, but it is the sort of thing that indicates a complete break-down of any measure of supervision by—

An hon. Member: Better anchor it.

Mr. Drew: Yes, they should have anchored it, as one of the Liberal members suggested. They should have anchored that baby tank that got away.

Mr. Rowe: They had better watch some of the branch lines of the C.N.R.

Mr. Drew: The fact is that in so far as we have yet been informed these carload thefts include stoves, electric refrigerators and things of that kind—

Mr. McLure: Everything that was loose.

Mr. Drew: —in substantial quantities. The fact is that anything that was loose went, and even things that were fairly tight went as well until they were discovered.

This wholesale looting is not just the responsibility of a few men whose names have been mentioned in the newspapers. This could not have happened if the Minister of National Defence (Mr. Claxton) had paid the slightest attention to the repeated warnings in this house that looting was taking place and that steps should be taken to safeguard government property in this country. These things would not have happened even, in all probability, if the Minister of National Defence had acted on the clear and positive information furnished him by the hon. member for Peterborough West (Mr. Fraser) last June. These things would not have happened if a proper system of supervision had been established in any of the camps.

Most hon. members have had military service of some kind, and most of them know that almost to the point of annoyance the very first thing that is insisted upon in any military establishment is a daily accounting for the stores for which you are responsible; and officers and N.C.O.'s are detailed for the express purpose of checking over daily, or at regular intervals, things that are under government control.

This great camp at Petawawa, with an investment not by the government but by the people of Canada of many, many millions of dollars, was a place where any sort of efficient organization under the Department of National Defence would have prevented a thing of this kind happening before it even started. These series of thefts, the disappearing camp at Farnham, the fires in government stores amounting to millions of dollars, the thefts at Petawawa, and the other reports that have been presented to this house of the looting of government property, all have suggested for a long time the most detailed and exhaustive examination of the Department of National Defence.

The Minister of National Defence tells us there are inquiries. What kind of inquiries? I asked him today under what authority Mr. Currie had been appointed, and he has promised to inform me, but I must admit that it has not been possible yet to find under what order in council, or other order, Mr. Currie has been appointed.

It is not a few men at Petawawa, Mr. Speaker, who are on trial; it is not a few men with whom they were in contact who are on trial. It is the Department of National Defence that is on trial. It is the Department of National Defence that should be brought before a proper tribunal and made to account for its handling of government property, and that is particularly true at a time when this department is asking for a blank cheque of more than $2 billion of the people's money.

If the Minister of Finance (Mr. Abbott) wants to find places where he can save money, now that he has returned to the fold, may I suggest that he ask the government that an order in council be passed appointing an appropriate body which will have the full authority to inquire into every activity of the government, including the activities of the minister himself. I have heard the suggestion that this is something for the defence committee. Members of this house know just how freely the defence committee is being permitted to go into matters at this time. But, Mr. Speaker, I pointed out on an earlier occasion that the terms of reference of the committee on defence expenditures are not wide enough to embrace the kind of inquiry which should be conducted into the inefficiency, gross negligence and failure properly to administer public property, which has already been disclosed by this series of events to which I have referred.

When I speak of the minister being accountable, naturally I am speaking of his being accountable only in his capacity as a minister of the crown. In view of certain statements that I have seen reported in the press, even made by a Liberal member, asking that there be some scapegoat for the minister among the officials in the department for the incompetence and failure of that department in regard to the foot-and-mouth disease, I would point out that under our system the man responsible for the effective administration of his department is the minister. And when a matter of this kind occurs, it is the minister who should explain, before some body that can take evidence in the proper manner, exactly what the circumstances were, what directions were given, what measure of control there was, or what lack of control there was, in regard to these matters which are of so much importance to us.

Now, these are matters which certainly are worthy of the attention of the Minister of Finance (Mr. Abbott). But one thing more. The Minister of Finance made a statement in his budget speech of April 8 which carries us beyond this immediate point—and I leave that point with the recommendation, which I make in all earnestness, that the Minister of Finance, while this budget debate is still on, will urge the appointment of an appropriate body to conduct an inquiry into that department which is asking for approximately half of the vast sum which he seeks to raise from the Canadian taxpayers this year.

But when we examine that huge sum, in the light of what he has said, we find that on April 8 he told us—and these are his words—

> I expect there will be a shortfall of expenditures below the amounts provided by parliament in the appropriation votes.

Mr. Speaker, without some explanation, which has not yet been made, that statement means one thing, and one thing only. It means that the minister expects that he is actually going to tax the people beyond the amount he actually requires. That is something he has no right to do. It is something he has no right to ask us to support. From medieval days our system of parliament has rested upon the assumption that parliament could rely upon the figures presented by the minister of finance, and that it could rely upon the fact that, to the best of his knowledge, he was placing before the House of

Commons the figures which represented what he thought would be required from the people for the tasks the government expected to be called upon to undertake.

Mr. Abbott: I did that this year, too.

Mr. Drew: Then, if he did it this year, it would be interesting to know what he means when he tells us that he expects the expenditure will be less than the amount for which he is asking.

Mr. Abbott: I said by how much.

Mr. Drew: Oh—

Mr. Abbott: Yes, I did; read the speech again.

Mr. Drew: This speech is perfectly clear, and it clearly indicates the expectation that once again, to use the words of the minister, there is going to be a shortfall of expenditures below the amounts set out in the appropriation votes.

Already tonight the suggestion has been made that it was a commendable thing that surpluses be used to reduce debt. The repetition of that statement merely indicates how dangerous a state of mind some of the members of this house are actually in at this time. No member has raised any question about the wisdom of paying off debts at the appropriate time. But what has been questioned is the right of this government, or any other government under our parliamentary system, to raise funds for one purpose and to appropriate them for something else.

If it is intended to tax our people, to overtax our people, in the way the government is doing, then let the government say what the moneys are for. If they are for the payment of debt, then say so—and, upon reasonable explanation, doubtless the minister would receive support from the house. But the trouble is that the minister's record is so bad that members of this house have no reason to expect that anything that he puts before them will have any relation whatever to the facts as they will ultimately appear.

The last budget proved, by the most convincing demonstration that there could possibly be, the need for the most exacting review of every detail of the government's estimates before us, and for the most exacting review of the budget itself. After all, could anyone imagine a better piece of evidence of the slipshod and careless way in which last year's budget was prepared than what happened in the case of certain high incomes in this country?

Until such time as the Minister of Finance is prepared to say that he has reached the conclusion that there is some point at which some people should receive not only nothing, but should receive less than nothing, then his budget of last year is simply evidence of slipshod methods in the preparation of the budget, no matter what his intentions might have been. Because he has disclosed quite clearly that at a certain level his taxes reached the point where they not only took the whole income, one hundred per cent of it, but in some cases taxed the people beyond their incomes.

Now, do not let him put on any smug appearance of glorying in taxing the rich. That was not his intention, as he disclosed. It was simply a result of slipshod methods, and now he seeks to rectify them. And nobody will know until next year whether he has or not, if he continues in the same way, and without any more willingness to review the facts than he displayed previously.

There is also this fact that should be borne in mind. There have been inquiries going on now for the last couple of days which have disclosed, as a result of the brilliant and untiring efforts of the hon. member for Lake Centre (Mr. Diefenbaker), the utter breakdown of the supervision of the Department of Agriculture over an extremely important aspect of agricultural activity in this country.

What has been disclosed there, as is clearly set out in an article in *Maclean's* magazine, by Mr. Blair Fraser, is not merely negligence within a government department, but a failure to integrate the activities of that department in a manner which would have produced effective results.

There, again, is something with which the Minister of Finance should be dealing, not in this case in connection with the awful impact of the foot-and-mouth disease, but rather as to what it discloses in the way of a costly lack of integration of the efforts within that department.

These are only some of the things the Minister of Finance could be doing. Therefore I return to the request that has been made before, that if the committee on defence expenditures is, in fact, to be a committee which can carry out the terms of reference under which it operates, then it should not be confined to things that have happened in the past; but all the defence estimates for the coming year should forthwith be referred to that committee, as were the estimates of the Department of External Affairs.

I close these remarks with the request to the Prime Minister (Mr. St. Laurent) that, just as he moved that the estimates of the Department of External Affairs be referred to a committee, he likewise move that the estimates of the Department of National Defence be referred forthwith to the committee on

defence expenditures. May I suggest at the same time to the Prime Minister that he advise the chairman of that committee to act in a manner which will suggest reasons for confidence that the committee really intends to inquire into the affairs of the Department of National Defence.

We are dealing with a budget which means $343 on the average from every man, woman and child in Canada during the coming year, or a total of $1,715 on the average from every family of five in this country. These taxes can and should be reduced. I have suggested ways in which the Minister of Finance, if he will make his recommendations to the government, can reduce expenditures and thus reduce the crushing burden of taxation during the coming year.

Hon. Paul Martin (Minister of National Health and Welfare): Mr. Speaker, what I have to say in the few moments I shall take to say it will have reference to that part of the speech of the hon. gentleman that had to do with family allowances. All I can say to him is that while I may not be a good enough scholar of Shakespeare to appreciate the quotation he gave the house I do know of another quotation from Shakespeare that might fit this particular occasion. My hon. friend will remember the words in Hamlet which Shakespeare immortalized: The lady doth protest too much, methinks.

Reference was made the other night to my hon. friend's earlier views on family allowances arising out of comments that were made by myself regarding a proposal to increase the present family allowance payments. I went on to say that since there was in one quarter of the house a desire that that should be done one could but conclude that there was now general agreement in this house with one exception—that exception of course being my amiable friend, the hon. member for Moose Jaw (Mr. Thatcher)—as to the merits of the present Family Allowances Act.

I noted, as I think is historically the case, that the then acting leader of the opposition, the hon. member for Peel, had on July 25, 1944, moved an amendment to the Family Allowances Act which would have had the effect of giving the Family Allowances Act a period of suspension for many months. As one looks hurriedly at *Hansard* he cannot help but agree with the hon. member for Rosetown-Biggar (Mr. Coldwell), who said on that occasion, and I quote from page 5345 of *Hansard*, volume V, 1944:

> I regret that the constitutional argument has been introduced at this time by the official opposition. I think that was a move to shelve this important matter, and I am glad, Mr. Speaker, that your ruling has been sustained.

That was the situation at that time. Undoubtedly the amendment brought in by the then leader of the opposition would have had the effect of shelving the present Family Allowances Act. I want my hon. friend to know that the reference that was made to his views on Monday night was not a paraphrasing by me, for I used words which he was reported in the press to have uttered. He did not take me to task; he did not say that those words were incorrectly reported; but he went on tonight to explain what his view was, not only in 1944 but in 1945, one year later, when it was apparent to everyone in the country, including the then premier of Ontario, that family allowances were indeed very popular and acceptable to the people of Canada.

I take it that my hon. friend is fully convinced now that the present Family Allowances Act is one that deserves the support of the people and if he should perchance ever become prime minister of this country he will never repeal the existing measure. I put that question to him three years ago and he made no comment. I take it that I interpret correctly what his position would be if that were to eventuate.

Mr. Drew: I do not wish to interrupt—

An hon. Member: Sit down.

Mr. Drew: —the hon. minister—

An hon. Member: Sit down.

Mr. Drew: I do not wish to interrupt—

Some hon. Members: Order.

Mr. Speaker: Order. The hon. minister has resumed his seat.

Mr. Drew: I merely wanted to say that I have already referred to the fact that my failure to comment at that time was taken subsequently as having a meaning that I did not intend. If the minister wishes me to state very briefly what my position would be I shall be happy to do so.

Some hon. Members: No.

Mr. Speaker: It is a matter between the minister and the leader of the opposition.

Mr. Martin: I should like my hon. friend to speak.

Mr. Drew: I shall state it very briefly. As I have said from the very beginning, I believe in a system of family allowances which recognizes the constitutional responsibility of the provinces for social services as being part of property and civil rights.

If I were called upon to accept responsibility my first act in respect of family allowances would be to call the provinces together and to work out with them a fully effective system which would take full advantage of their social service organizations. That is what I have said before and what I have quoted tonight I believe.

Mr. Martin: I am very glad that we have had a very important declaration just now from the leader of the opposition that—

Mr. Drew: Not just now, in 1945.

Mr. Martin: —he would call the provinces together and that the present Family Allowances Act would be submitted for their consideration and if there was a substantial number of the provinces—

Mr. Drew: I did not say any such thing. Do not distort what I said; I said nothing of the kind.

Mr. Martin: If a substantial number of the provinces should take that view—

Mr. Drew: Mr. Speaker—

An hon. Member: Sit down.

Mr. Speaker: Order.

Mr. Martin: I have only ten minutes.

Mr. Drew: On a question of privilege.

Mr. Martin: I am entitled not to be interrupted.

Mr. Speaker: The minister has not completed his remarks.

Mr. Drew: On a question of privilege, I would point out that I made no such statement. The *Hansard* record will indicate the extent to which the minister is now seeking to distort what I said less than two minutes ago.

Mr. Martin: I do not distort what anyone says in this house and I think the house generally accepts that as the case. My hon. friend has said that he would submit the existing Family Allowances Act—

Mr. Drew: I said nothing of the kind.

Mr. Martin: My hon. friend says that he said nothing of the kind, but has he not just spent an hour telling us that he never said anything against family allowances and now he says, "I said nothing of the kind" although he just said he would call the provinces together.

An hon. Member: Two hours.

Mr. Drew: Read *Hansard* and you will see what I said.

[Mr. Drew.]

Mr. Martin: I am going to read not *Hansard* first of all, but from a publication entitled "Where Ontario Stands."

Mr. Drew: Iago again.

Mr. Martin: I do not like to make personal remarks. I have no doubt that I have been guilty sometimes of being self-centred, but I am not alone in that. This is not self-centring. I am now going to quote my hon. friend.

Mr. Drew: You are going to say just exactly what I said a short time ago.

Mr. Martin: When my hon. friend was speaking I did not interrupt him once. I enjoyed his speech, just as I suspect he will enjoy mine. This speech was entitled "Where Ontario stands; an address broadcast by Hon. George A. Drew, K.C., M.P.P., Premier of Ontario, August 9, 1944." If I were to quote from a publication other than this I am sure the hon. gentleman would be on his feet at once contesting the source of my quotation, but I am sure there will be no question about this source, for the speech is contained in a document issued by Progressive Conservative headquarters, 85 Richmond street west, Toronto. In those days it was known as the Progressive Conservative party.

Mr. Drew: As it is today.

Mr. Martin: I am glad to have that correction. I am not going to read this whole speech, though it is quite interesting. On page 3, however, in the second paragraph I find these words:

> Why is it that Mr. King has created the serious situation which he himself foresaw? Why, in spite of our repeated requests for a conference to prepare for the post-war period, did he go ahead with the bill which he knew was not worth the paper it was written on?

I put this query to the leader of the opposition, not for a reply now: Is he still of the opinion that the Family Allowances Act, which is responsible for improving the health standards and welfare of over four and a half million children every month, is not worth the paper it is written on?

Mr. Drew: Is that a question?

Some hon. Members: Sit down.

Mr. Martin: Then he went on—

Mr. Drew: I thought it was a question and I was going to answer.

Mr. Martin: I am sorry the hon. gentleman interrupts. He concluded his observations. He was entitled to make a defence, just as he is entitled now to protest against his discarded opinions.

Mr. Drew: Nonsense.

Mr. Martin: But I rather deprecate that he should have brought in the question of national unity. I did not raise that issue. I quoted from one source only; that was the hon. gentleman himself. He will find nothing in what I said the other night that is at all inconsistent with what I have tried to do all my life—

Mr. Drew: It had nothing to do with the issue before the house, nor has this.

Mr. Martin: In that speech the hon. gentleman went on:

> Many millions of dollars from the pockets of the people of Ontario would go to the province of Quebec under this measure. But I assure you that the government of Ontario intends to do everything within its power to make sure that this iniquitous bill does not go into effect. It is not this bill alone—

These are the significant words.

> It is not this bill alone but the whole principle involved—

Not this bill alone but the principle of family allowances.

Mr. Drew: No, no.

Mr. Martin: The hon. gentleman continued:

> —but the whole principle involved which we intend to resist. If our money is to be used under the agreement then it is to be used for total war.

Lest there be any misunderstanding about the interpretation I place on what my hon. friend said, I am going to quote from an editorial in the Ottawa *Journal* of August 11, 1944; and I believe I have current justification for thinking the *Journal* would not misinterpret anything the hon. gentleman said. The heading was, "Premier Drew on Family Allowances" and the editorial went on:

> When the government first introduced family allowances, the *Journal* said that apart from the measure's objectional dole principle, plus its dangerous mortgaging of the future national income, the proposal held a threat to national unity. We based the last claim upon the disparity between our different provinces in the matter of large families, or, to be more specific, upon the preponderance of large families in the province of Quebec.

Those were not the words of my hon. friend. That is the first paragraph in the editorial. I do not know who wrote it, but recognizing the language I have my own idea. It goes on:

> Now comes Premier Drew of Ontario to bring this issue into the open; to state it with a force and in a way to challenge grave reflections. Says he:
>
> "When Ontario handed over certain of its taxing powers (to the federal government) the reason for doing so and the conditions under which the transfer was made were so that the government and parliament of Canada could wage total war."

They are now quoting the leader of the opposition, as premier of Ontario.

> "This family allowance bill is an obvious bribe . . . there is every reason why it should meet with approval in Quebec where there was a very important election approaching . . . Millions of dollars from the pockets of the people of Ontario will go to the province of Quebec under this measure . . . The people of Ontario will be asked to pay nearly half of the $200 million which will be needed as the initial amount to put the Family Allowances Act into effect.
>
> Our attitude toward any measure which takes money from the pockets of the people of Ontario for the special advantage of Quebec is based upon considerations which affect that province alone. You know what those considerations are.
>
> You know that we face an issue here in Canada hardly less important in its bearing upon our future than the outcome of the war itself. Temporizing will no longer do . . . We are paying the penalty of appeasement . . . Silence has been mistaken for weakness . . ."
>
> No one need be in doubt about Mr. Drew's meaning. He may be right or wrong; he at least is honest and clear. Little sense exists in efforts to gloss over the fact that, in the main, he is right . . .
>
> Nor need any doubt exist that in the matter of gain from this family allowance measure Quebec's share will be out of all proportion to that of Ontario . . .

I am not going to speak at length; I am just going to refer to some other editorials. On September 30, 1944, again in the Ottawa *Journal,* will be found an article dealing with the hon. gentleman's views on family allowances. There was another on February 23, 1945, in which I find this:

> Premier Drew's August 9 radio address, in which he declared that the "iniquitous bill" (the Family Allowances Act) would be resisted by Ontario, was quoted in part by Mr. Hepburn. Reading from a copy of the radio address, Mr. Hepburn quoted the paragraph in which the premier spoke of Ontario's money going to the province of Quebec under the Family Allowances Act.
>
> "It is one thing to say, as the premier says—

And this is the point I made a while ago.

> —that the province should have been consulted," said Mr. Jolliffe, "and it is an entirely different thing to say that this measure will be resisted by every means within the power of the government. I assume Ontario families will receive payment under the act in July, and I do not suppose the government will attempt to intercept the allowances."

Mr. Drew: Was that Mr. Jolliffe or Mr. Hepburn? You mentioned both names.

Mr. Martin: Mr. Hepburn first and Mr. Jolliffe second. The hon. gentleman will recognize those two gentlemen as distinguished contemporaries in another legislative field.

Mr. Drew: I recognize them as authorities you would follow.

Mr. Martin: They are not authorities, but they are witnesses as to what my hon. friend's views were at that time. The fact is that these quotations, some of which I have given *in extenso* and some of which I have

paraphrased, and others in which I have given dates and references, can be looked up by any hon. member. I say to the hon gentleman, as I said the other night, that as the minister responsible for the administration of this measure I welcome the fact that, in spite of the reservation he has made tonight, at least he now accepts the important principle of family allowances. But since he has raised the issue—

Mr. Drew: Just the same as ever.

Mr. Martin: My hon. friend groans. I suppose if I were in a similar situation I would groan too.

Mr. Drew: You cannot follow a straight line for thirty seconds.

Mr. Martin: In his speech tonight the hon. gentleman challenged me to support what I had said in this house last Monday evening. I leave it to this house and to the hon. gentleman if I have not been accurate and fair. I sincerely hope I have convinced the hon. gentleman that we should not disturb the present Family Allowances Act.

On motion of Mr. Abbott the debate was adjourned.

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

HOUSE OF COMMONS

Friday, May 2, 1952

The house met at three o'clock.

ANIMAL CONTAGIOUS DISEASES

SASKATCHEWAN—TABLING OF CORRESPONDENCE AND OTHER DOCUMENTS

Right Hon. J. G. Gardiner (Minister of Agriculture): I should like to refer to the question of privilege that was raised by the hon. member for Lake Centre (Mr. Diefenbaker). I do not think it is necessary for me to read what appears in yesterday's *Hansard*, other than the significant remarks which were made. I stated:

> I understand that the matter referred to by the hon. member was discussed in the committee this morning, and my hon. friend wishes to have the documents which were tabled in the committee tabled here as well. That will be done.

After that statement was made the member for Lake Centre said this:

> There are still some, other than those tabled in the committee. There are still the certificates of analyses that were ordered to be tabled here, and they have not been tabled in the committee as yet, nor have they been tabled here. The place where those documents were to be tabled was the House of Commons, and I am asking now particularly for these certificates of analyses, none of which was included in the return tabled.

I have in my hand sessional paper No. 169-F, Tuesday, April 29, 1952, and in it is listed the documents which were tabled. Among the documents tabled is the Department of Agriculture production, "Certificates, health of animals division, specimen record for inspectors, identification numbers 1, 2, 3, 4, 5, 6, 7, 8, and 9; disease suspected, infectious stomatitis; owner of animals"—and so on. This is the statement of analysis, and it is here.

After we went back to the committee yesterday afternoon, the certificate was found to be on the record already, both as tabled in the house and as tabled in the committee. I wish to draw to the attention of the house the fact that there was no effort made to withhold this from either the house or the committee. It was on the record yesterday when these statements were made, and is still there.

With regard to the other documents which were tabled in the committee but which were not here, I have them on my desk. There is this large sheet and this larger file, which I thought had everything in it and I still think has everything in it called for by the order placed on the *Orders of the Day* on March 3. I have added to it this small file about which there is some question as to whether it was required by any order. Nevertheless it is here and was tabled in the committee. I should like to lay it on the table now.

The suggestion was made that there are some other documents. I have had all the records checked for any documents that by any stretch of the imagination could be said to have anything to do with the intention of the order. There are some communications here which have to do with the effect of the quarantine on grain, and things of that kind which were not thought to be included in the records asked for and which may mean something or may not mean very much so far as the desires of the hon. member and others may be concerned.

Then there are the records with regard to following the man who was employed by Mr. Waas; this was done under special investigation. They were on files separate from the others and they are here as well. I am going to put those on the table. Whether or not they have any bearing on the request can be decided.

I could find only one other communication of any kind which might have reference to the matter and which some of the opposition members might desire to have. It is a communication from Mr. Taggart to Dr. Childs when he was at Regina, asking him to come back to Ottawa on February 20, the day on which it was finally decided in the minds of everyone here that the malady could be foot-and-mouth disease. That document is one which was wired, from Mr. Taggart to Dr. Childs, to Regina; and when he came back he had the wire, of course. This is the wire and I hereby table it.

That is everything that I know of, and everything that anyone in the department believes could be required by the order. It is all here and will be put before the committee.

Mr. Coldwell: May I ask the minister a question? Is the report on Willi Bruntjen, the German immigrant, a mounted police report?

Mr. Gardiner: No, it is not a mounted police report, although there are some things on it that refer to mounted policemen. It is the report of the following of the immigrant employee of Mr. Waas. I hope I am not

tabling something which it has already been decided by the house is privileged because it is a mounted police document. I do not think I am, however.

DIPLOMATIC INSTRUMENTS

TABLING OF EXCHANGES OF NOTES

Mr. Jean Lesage (Parliamentary Assistant to the Secretary of State for External Affairs): Mr. Speaker, on behalf of the Secretary of State for External Affairs (Mr. Pearson) I beg leave to table copies, in English and in French, of the following diplomatic instruments:

1. Exchange of notes, March 16, 1951, amending paragraph 4 of the annex to the Australia-Canada air transport agreement of June 11, 1946.

2. Exchange of notes (November 26, 1951) between Canada and South Africa constituting an agreement concerning the avoidance of double taxation on income derived from the operation of ships and aircraft.

3. Exchange of notes (February 13 and March 19, 1952) confirming the recommendation of March 1950, made by the permanent joint board on defence concerning bases in Newfoundland leased to the United States.

4. Exchange of notes (January 22 and March 22, 1952) between Canada and Monaco concluding a non-immigrant visa modification agreement between the two countries.

IRRIGATION

SOUTH SASKATCHEWAN RIVER—SITTINGS OF COMMISSION IN SASKATCHEWAN

On the orders of the day:

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, yesterday the hon. member for Lake Centre (Mr. Diefenbaker) asked a question, part of which is in the following terms:

> Is the Prime Minister in a position to advise regarding the commencement of the sittings of the commission on the South Saskatchewan river project, and also whether sittings will be held in Saskatchewan as it has been determined will take place in Manitoba and Alberta?

I take it that by "sittings" the hon. member meant public hearings.

Mr. Diefenbaker: Yes; that is what I meant.

Mr. St. Laurent: I have now received from the secretary of the royal commission the following information. Public hearings are being held in Lethbridge today, May 2, and if not completed will continue tomorrow, May 3. The commission is meeting with the Manitoba government on May 9 for the purpose of discussing a submission which that government might wish to make, and also to discuss the question whether it would be desirable to have public hearings in Manitoba.

The Saskatchewan government has filed an interim submission with the royal commission but has reserved the right to submit more material later. The intention is that arrangements will be made for this further information to be presented at a later date, and that the question whether or not there should then be public hearings in Saskatchewan will be considered between the commission and the Saskatchewan government or others who may wish to appear.

Mr. Diefenbaker: I want to thank the Prime Minister and to suggest this. If there are not to be private sittings in Saskatchewan, various municipal bodies and civic bodies want to make representations and they should know that they can make them direct to the commission.

Mr. St. Laurent: I am sure that this statement which the hon. member has made in the house will get publicity and will serve as notice to those who may wish to make submissions that they can do so, and that it is perhaps rather urgent that they do not take too much time about it because we are all anxious to have the proceedings completed and to get a report as soon as possible.

Mr. Diefenbaker: That is right.

Mr. Coldwell: Is it not a fact that it has already been decided that there would be public hearings in Saskatchewan? My understanding—and I got it from one of the members of the government—is that there would be public hearings.

Mr. St. Laurent: The information I get is that the commission is desirous of getting all the information that may be helpful, but does not want to take more time than is required to reach a proper decision.

LIVESTOCK

FOOT-AND-MOUTH DISEASE—LEGALITY OF PROVINCIAL EMBARGOES

On the orders of the day:

Mr. H. R. Argue (Assiniboia): I wish to direct a question to the Minister of Justice. Has the minister yet given consideration to the legality of provincial restrictions on the movement of livestock? Will the government test the constitutionality of such restrictions?

Hon. Stuart S. Garson (Minister of Justice): I wish to thank the hon. member for having given me notice of his question, although it did not reach me until about four minutes to three.

In reply to the hon. member's first question, I may say that as long as the possibility exists of an amicable withdrawal of the provincial restrictions on the movement of livestock, we have not formulated an opinion concerning their legality. In reply to the second question may I say that this will depend upon the actions of the provincial governments and our own views as to the constitutionality of the individual provincial restrictions.

ASSURANCE TO PRODUCERS OF FLOOR PRICE ON CATTLE AND HOGS

On the orders of the day:

Right Hon. J. G. Gardiner (Minister of Agriculture): The hon. member for Calgary East (Mr. Harkness) asked me a question yesterday which I was unable to answer then, but which I can answer now. His question was to this effect: whether or not a report had been made by my parliamentary assistant, who had just been in Calgary, on the conditions existing in the market there, and what had been arranged as a result of the visit.

In the first place I want to congratulate my assistant on having carried through a very successful mission in Calgary. He, with Jack Byers of our staff and Mr. Youngman of our pasture services in the west, went to Calgary to discuss there the possibility of dealing with the fact that heavy beef was on that market in such quantities that it made it very difficult for producers to receive reasonable prices, and the further fact that there might be a possibility of putting some of the lighter cattle on our pastures.

When the parliamentary assistant arrived there he found that the main problem was the heavy beef. He negotiated with the packing houses and with those who had the heavy beef, and finally arranged that we would take the frozen sides of that beef off the market at the floor price. That arrangement was made both in Calgary and in Edmonton. He also found that, up to date, the lighter cattle, at least in so far as they were in the feeder class, were being taken rather freely back to the farms by those who could feed them, and for the time being there is no necessity of putting the lighter cattle on our pastures. Nevertheless he left Mr. Byers there with instructions to watch the movement of cattle and deal with those problems as they come up. My understanding is that as a result of those arrangements beef is being maintained at the floor on those markets.

GERM WARFARE

PRESS REPORT AS TO STATEMENT OF TORONTO CONTROLLER

On the orders of the day:

Mr. J. H. Ferguson (Simcoe North): I wish to direct a question to the Minister of Justice. In view of the *Globe and Mail* newspaper's statement that ex-controller Stewart Smith of the city of Toronto is reputed to have made a statement that the troops associated with our troops fighting in Korea are now using germ gas—

Mr. Riley: Question.

Mr. Ferguson: —is there any law in Canada—

Mr. Riley: Question.

Mr. Ferguson: You could not answer if I asked it of you.

Mr. Riley: You do not know how to ask it.

Mr. Speaker: Order.

Mr. Ferguson: Is there any law in Canada to bring this man either to prove or disprove his statement with regard to the associates of our forces in Korea—

Mr. Speaker: Order.

Mr. Ferguson: —when we consider in Canada that these men are now at war in Korea?

Mr. Speaker: Order.

Hon. Stuart S. Garson (Minister of Justice): I want to thank the hon. member for the implication in his remark that perhaps I could answer his question, but I am afraid his confidence is misplaced; for what he is asking me is a legal opinion upon a statement which I have not yet examined. I shall be glad to have a look at it and bring an answer down on Monday.

COMBINES INVESTIGATION ACT

WIRE AND CABLE COMPANIES

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): I should like to direct a question to the Minister of Justice. I did not give him notice, but I know my confidence will not be misplaced. Is the investigation of the wire and cable companies, to be made by Mr. Goldenberg under the combines act, to be carried out as a result of the action of the minister directly, or of the combines commissioner, or of the complaints of private citizens? What is the alleged wrongdoing that is to be investigated?

Hon. Stuart S. Garson (Minister of Justice): In reply to my hon. friend's question I may

say that this inquiry, like the majority of inquiries conducted under the act, is conducted on the initiative of the commissioner himself, on the basis of complaints from certain individuals.

With regard to the other points that my hon. friend has raised, I regret that I cannot make a statement regarding them because it is not the practice to disclose any information such as that asked for until the final report has been received from the combines commissioner.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Thursday, May 1, consideration of the motion of Hon. Douglas Abbott (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Macdonnell (Greenwood), and the amendment to the amendment of Mr. Coldwell.

Hon. Douglas Abbott (Minister of Finance): Mr. Speaker, as a general rule I do not intervene at this stage of the budget debate; I wait to make any comments I may have until some of the amendments or subamendments have been disposed of. I am doing so today only because I understand that while I was away for some days last week the leader of the opposition (Mr. Drew) and the hon. member for Eglinton (Mr. Fleming) referred to that absence and expressed disapproval of the fact that I was not present in the house during the course of the debate at that time. Therefore I am going to take a minute or two today, if I may—I think I should—to indicate to the house the circumstances under which I was absent.

I have always felt it to be the duty of any public man, any member of parliament, to make a certain number of speeches to organizations outside the house in order to discuss matters of public interest, and in the course of that duty I have always felt that I should try to make one or possibly two speeches a year in the United States, because of the close interest which exists between the two countries.

Some two or three months ago, I think it was, I received an invitation from the United States chamber of commerce to speak to their fortieth annual meeting in Washington. As hon. members know, the chamber is perhaps the largest single organization of businessmen in the United States. I appreciated the invitation, and it seemed to me it might be a suitable opportunity to express my views which I thought needed to be brought to the attention of businessmen in the United States. Therefore I accepted the invitation, subject of course to the usual reservation that if my parliamentary duties prevented my going I would not go.

I brought down the budget on April 8. We adjourned over Easter. On the Tuesday following our coming back here the budget debate was opened. I was able to be here. I listened to the very interesting speech of my hon. and genial friend, the official financial critic of the opposition (Mr. Macdonnell); I listened to the speech made by my friend the leader of the C.C.F. party (Mr. Coldwell) and my friend the leader of the Social Credit party (Mr. Low), and to a number of other interesting speeches which were made on that day.

In listening to the three gentlemen to whom I first referred I felt that I had got at that time a picture of the general views of the three parties with respect to the budgetary proposals which I had made. I am fortunate in having a capable parliamentary assistant; I had a competent and capable Acting Minister of Finance in the person of my colleague, the Minister of Justice (Mr. Garson), and I felt that under the circumstances it would perhaps be not unreasonable if I were to fulfil the speaking engagement to which I have referred.

I am not telling hon. members anything they do not know when I say that as a rule in the budget debate a good many speeches are made which have not very much to do with budgetary matters. We had an outstanding example of that yesterday evening—

Mr. Cruickshank: How do you like that?

Mr. Fleming: You refer to your colleague, the Minister of National Health and Welfare (Mr. Martin).

Mr. Abbott: —when my friend the leader of the opposition spent over an hour telling us what he thought about family allowances seven or eight years ago. I was going to ask him the question whether he thought that had anything to do with the budget, but the circumstances were such that I was not able to put the question to him.

Mr. Cruickshank: It is never too late to hope, though.

Mr. Ferguson: Ask your parliamentary assistant; perhaps he can tell you.

Mr. Abbott: I must say, Mr. Speaker, that I enjoyed listening to the speech, but frankly I do not concede it to be my duty as Minister of Finance to sit in the house, or necessarily to be in the house, to listen to speeches of that kind.

However, be that as it may, I felt that I could safely and properly fulfil this speaking engagement in Washington. I could have gone down to Washington the afternoon before the day I was to make the speech—it was to be a luncheon—and come back the next day. As it happened, and as I am certain hon. members know, the Canadian chamber of commerce and the United States chamber of commerce have a joint committee composed of the members of the two chambers, known as the U.S.-Canada committee. It has been in existence for some years. They meet twice a year, once in Canada and once in the United States, just before the meetings of their parent bodies, and they discuss matters of particular interest to our two countries.

The chairman of the Canadian chamber this year, an old friend of mine and classmate at McGill, was good enough to ask myself and my wife to go down to the meeting of the U.S.-Canada committee, which was held at White Sulphur Springs just prior to the meeting in Washington of the United States chamber of commerce. And may I say, in parenthesis, that these organizations select delightful places to hold these meetings. I decided to accept the invitation.

I was very glad indeed to go, because I found the meetings of this joint committee, which are unofficial meetings of course, most interesting. Among other guests they had invited there were the deputy minister of fisheries, Dr. Bates, and a former distinguished civil servant, Dr. Camsell. Two of the items they were discussing were fisheries and the development of the Northwest Territories. I might say, if I may interject this, that I was proud of our civil servants, and the way in which both Dr. Bates and Dr. Camsell contributed to those discussions. I was happy to have the opportunity to sit in with them.

As I said last night, the weather was not too good; it rained most of the time. For reasons which the house will know, I was not able to get away in January, because I had to go to London to attend a meeting of finance ministers. After the first of February I am pretty well tied up with the preparation of the estimates and the budget. So I welcomed this opportunity to get down there for two or three days and to take part in those discussions. Then I went to Washington and made my speech to the chamber of commerce Wednesday noon and left that afternoon.

Those are the circumstances under which I visited the United States, a visit which has been the subject of some criticism by my hon. friend the leader of the opposition and the hon. member for Eglinton.

Contrary to what the leader of the opposition said last night, that there was no member of the government who was in the house to answer questions which might be put, certainly my parliamentary assistant was here every day. I regret that these two gentlemen felt they had to bring this matter up in the house. Of course they were quite within their rights in so doing; but since they have done it, I did feel that I owed to the house and to myself the explanation I have given this afternoon. I am quite ready to leave it to the judgment of the house, and to that of the constituents whom I have represented here for a little over twelve years, whether the public interest has suffered as a result of my trip to the chamber of commerce meeting in the United States.

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, I had not intended to take part in this debate. However, during the course of the proceedings last night, as I am informed, my name was taken in vain for, I think, the third or fourth time in connection with the ordnance fire of last June. And, having regard to the fact that my recollection of a certain interview which I had with the hon. member for Peterborough West (Mr. Fraser) is quite different from his, I think in fairness to the truth, and to my own position in the matter, I should place on record my recollection of the case in question.

The first of two statements with which I should like to deal is one which was made by the hon. member for Peterborough West to the Ottawa *Journal*, in these terms:

> Even before the serious central ordnance depot fire in Ottawa last year I went to Defence Minister Claxton and Justice Minister Garson and told them I had people willing to testify paint was being openly offered for sale by men in uniform in Ottawa.

Now, Mr. Speaker, the first point I should like to make in connection with that statement is that the hon. member did not see me before the ordnance depot fire, because the only occasion upon which he came to see me at all in the matter was to discuss the ordnance fire, and he could not discuss it until it had occurred. Therefore he must have seen me after it occurred.

Mr. Fraser: Mr. Speaker, may I just correct that? I spoke to the Ottawa *Journal* when they called me and I said that I had spoken to the minister. I did not indicate the time. I think it was after the fire.

Some hon. Members: Oh, oh.

Mr. Fraser: Just a minute. And I told the minister after we spoke—

Mr. Garson: Let me tell the story in my own way. My hon. friend told the minister, when a few days ago I happened by accident to meet him in the elevator in this building, and said, "What do you mean by saying that I met you before the fire? You know perfectly well that you met me after the fire, because you came to me to discuss the fire." The hon. member agreed.

Mr. Fraser: Yes, I agreed.

Mr. Garson: Exactly. But between the time this was published in the Ottawa *Journal* and the time I accosted the hon. member in the elevator he was very reticent and mum on the question, and never made any correction concerning the time of our meeting.

Then, as to the second part of the hon. member's statement published in the Ottawa *Journal* which, in my view, is quite incorrect, the hon. member has never at any time given to me or mentioned to me the name of anyone willing to testify that paint or anything else was being openly offered for sale by men in uniform in Ottawa.

Mr. Fraser: I told you there were men in—

Some hon. Members: Sit down.

Mr. Garson: My hon. friend will have the privilege of replying afterwards, if he wishes to. In the meantime, unless he wishes to raise a point of privilege, I think I should have the floor.

Now, this first correction, namely that he did not see me before the fire, is borne out by a second statement which has been made in this connection by no less a dignitary than the leader of the opposition, who, basing his remarks upon information furnished to him by the hon. member for Peterborough West, is reported at page 1797 of yesterday's *Hansard* as stating that the hon. member for Peterborough West saw me on June 6—and that is four days after the fire, not before it.

I suggest, in respect of a conversation which my hon. friend says consisted of his walking across the floor of the house and sitting down beside me, and speaking to me while the debate was in progress—so that I would be in the position of having one ear on the debate and one ear listening to my hon. friend's remarks—that that is not a very satisfactory basis ten months later upon which to base the sort of charges that he has made in the public press of this country. I suggest that if the hon. member's recollection of their interview is not any more accurate than it is concerning when it took place, that it is very inaccurate indeed.

There is no doubt as to when the interview took place; and I do not think there will be any doubt, if my hon. friend will refresh his memory, as to what he said during that interview. He came to me, and he went on to emphasize what he had already commented on in the Ottawa *Journal*, namely, that in these ordnance fires, after the first fire had been officially put out and was smoking, another fire took place in another part of the warehouse. He said in that connection that that to him was an indication that the origin of the fire was incendiary. He said in that connection that rumours were going around the Ottawa streets and through the valley to the effect that people had been offered ordnance goods for sale by military personnel. He said, "I want you or the authorities to conduct this investigation upon the hypothesis that this fire was incendiary in character and that it was set by military personnel in order to cover up thefts of stocks from the warehouse, which thefts they wanted to hide by the fact that the warehouse had been burned down."

It is rather difficult to cast one's mind back to a conversation some ten months ago and to recollect all that passed back and forth. I think my hon. friend will recall that I told him then that the fire was under investigation by competent experts and that it seemed to me, as one who was inexpert, that in any inquiry of this sort it would be almost routine for the experts, among the various theories which they might advance as to what the cause of the fire was, to consider as one of those theories that it was incendiary and that perhaps it was set in order to cover shortage in the warehouse stocks.

I certainly did not think that the hon. gentleman's idea, if he will permit me to say now what I was too polite to say then, was of any world-shattering character. I did not think that it contributed very much to the solution of the matter. The conversation ended pretty much with that.

With regard to the hon. gentleman's statement that he offered to furnish to me the names of men who would swear that military stores had been offered on the streets of Ottawa, as I said before, my recollections certainly do not agree with those of the hon. gentleman. But in saying that I want to be fair. I do not claim that my memory has any greater retentive power than his, nor do I question for a moment his good faith in relying upon his own memory. But I must confess that the thing that puzzles me after this lapse of ten months is that I do not have these names. I have never had these names. I am perfectly certain that I have never refused the tender of these names by

the hon. gentleman or by any other living person. Whether his memory is right or whether my memory is right, the fact is that he did not furnish these names to me either orally or in writing when he spoke to me on June 6, 1951, or at any other time.

Let us assume that the information as set out in the statement of the leader of the opposition or in the statement which my hon. friend gave to the press is one hundred per cent correct—which, if I may say without offence to these hon. gentlemen, I will not admit. As I say, let us assume that it is all correct. It is to this effect: He walked across the floor of the house, sat down beside me, had a conversation, said he had people who were prepared to swear this, did not give me their names then or ever, and then walked back and resumed his seat. Never from that time until now, in writing or orally or in any other way, has he offered to supply these names or to submit them and say, "Would you like to send them on to the police?" He never had any further conversation with me at all.

Now after ten months have elapsed he makes these charges in the public press from coast to coast upon the basis of that conversation. Let us assume that this matter is as important as all these weighty charges would indicate; and it is indeed very important. My hon. friend walked across the floor of the house to speak to me. One of the responsibilities of members is to pay the minimum amount of attention to the proceedings of the house. If he had thought that I was perhaps a bit inattentive to his alleged offer to furnish the names of these witnesses and that it was most important that those names should be further investigated, why could he have not said, "Listen, you are not paying attention to me as I raise this question". Or why could he not have later written me a letter saying, "here are the names of these witnesses"? Instead of that we had this one conversation, then there was a complete lapse of ten months, and then these all-out charges were hurled through the press of the country. As one member of the house may I say that while my hon. friend may be within his lawful rights, this is conduct to which as one exposed to it I must object.

Mr. G. K. Fraser (Peterborough West): Mr. Speaker, I welcome this opportunity to say a word about this matter. What the minister has said regarding the Ottawa *Journal* is quite true. They got the information from me by telephone. I told them I had spoken to the Minister of Justice (Mr. Garson) and to the Minister of National Defence (Mr. Claxton). I told them that according to the information I had, ordnance stores had been sold around Ottawa. That is absolutely true. It was given over the telephone and that statement is true. I never saw the Ottawa *Journal* until the late afternoon of the day on which the statement was made and the motion moved in the house.

Between the time that that was moved and the following day at noon, when I was called home hurriedly because of sickness, I had no opportunity to see the minister. But I did see the minister and spoke to him and he agreed that I had talked to him about this matter. I agreed with him that it was on account of the million dollar fire in the ordnance stores that I had spoken to him. I happen to have the date of that conversation here in a file which has just been put on my desk. The date was June 6.

I spoke to the minister and told him that I had information regarding paint, raincoats and other things having been stolen and sold in Ottawa. I told him that I had heard, not from one but from more than one who had been in my office. I said that I had had a man in my office that day who was willing to swear to this matter and testify that this stuff was being sold.

Mr. Cruickshank: Who was that man?

An hon. Member: What was the man's name?

Mr. Fraser: The minister has never at any time asked me the name of that party. It was not up to me as a member of parliament to give it to him.

Some hon. Members: Oh, oh.

Mr. Cruickshank: You took an oath.

Mr. Fraser: Oh, no.

Mr. Cruickshank: You took an oath as a member of parliament.

Mr. Fraser: It was not up to me to investigate. I told the minister that I knew of men who were willing to testify. It was entirely up to the minister to ask me for their names, and he was not interested to do so.

Mr. Sinnott: What a flimsy excuse!

Mr. Fraser: I went away from his desk absolutely frustrated. I thought that the government did not give a darn what happened to ordnance stores so far as fires and the materials in those stores were concerned.

Mr. Mutch: You were born frustrated.

Mr. Fraser: On the 13th of the month the Minister of National Defence (Mr. Claxton) was sitting in a seat near me, and the hon. member for Eglinton (Mr. Fleming) was sitting in the seat next to me.

Mr. Cruickshank: He has moved up one seat now.

Mr. Fraser: I told the Minister of National Defence on the 13th of June last year, with respect to the fire in the ordnance stores which occurred on the 2nd of June, a Saturday night—

Mr. Sinnott: We all knew that.

Mr. Fraser: You are lucky to know that much. I could tell a story about "I know that" some time, and it would just fit your case.

Mr. Speaker: Order.

Mr. Fraser: The fire occurred on the 2nd of June, a Saturday night. According to my information, some five officers and their men fought the fire for three hours before an alarm was sent to the Ottawa fire department.

Mr. Claxton: That is not so.

Mr. Fraser: At five o'clock the next morning another fire broke out in the other end of the building, which certainly shows there was something wrong some place.

Mr. Sinnott: Who told you that?

An hon. Member: The hon. member for Springfield (Mr. Sinnott).

Mr. Fraser: The Minister of Justice seems to think that I should have told him the names of the men.

Mr. Sinnott: Why not?

Mr. Fraser: According to my observations, I do not think mounted police carry on in that way. I remember that during the last war, when there were spies in Canada, I told the chief commissioner of the mounted police about a case in Hamilton. Shortly afterwards I received a letter in which he said that there was nothing to it. However, I understand that some weeks afterwards they picked up thirty-six people in a house on Catharine street in Hamilton who were considered to be spies.

The reason I did not press the matter was that I thought that the Minister of Justice was having his department and the mounted police investigate my information that thefts had taken place. I thought the matter was under investigation but evidently it was not. In the case which took place some years ago to which I have referred, the matter was investigated and they discovered that I was right.

Mr. Cruickshank: That would be the only time.

Mr. Fraser: In the present instance it is only the minister's word against mine. That is all it is.

[Mr. Cruickshank.]

Mr. Garson: With reference to the point about which my hon. friend is speaking, have I his permission to interrupt on a question of privilege?

Some hon. Members: No.

Mr. Fraser: I interrupted the minister, and I am quite willing that he should say what he wants to say.

Mr. Garson: On a question of privilege, if I may offer a suggestion by way of correction of my hon. friend, it is not a case of my hon. friend's word against mine, because he admits he did not give me the names of these people.

Mr. Rowe: You admit you did not ask him. Did you ask for them?

Mr. Fraser: I have told the minister why I did not give the names to him. When I told him about the matter he paid practically no attention to me.

Mr. Rowe: Did you ever ask him?

Mr. Fraser: I did not think that was becoming of a man supposed to be the head of the Department of Justice and the mounted police. It is his department that should investigate. I thought he would send the mounted police to my office. I would have willingly given the names.

Mr. Sinnott: You are looking for publicity.

Mr. Cruickshank: It would have been dangerous if he had done that.

Mr. Fraser: I would have willingly given the names.

Mr. Garson: May I ask my hon. friend a question?

Mr. Fraser: Certainly.

Mr. Garson: Is it his position that he would not voluntarily give the names to me but he would give them to policemen if I sent them to his office?

An hon. Member: Did the minister ask for them?

Mr. Fraser: I always like to be correct. I would not give names to the minister when sitting in his seat in the house because I did not have them with me. I had them in a locked file in my office.

Mr. Rowe: If you had asked for them you would have got them.

Mr. Cruickshank: Why did you not unlock the file?

Mr. Rowe: He would if he had been asked to do so.

Mr. Cruickshank: He does not need to be asked; he is a member of parliament.

Mr. Rowe: Does every member of parliament tell everything he knows?

Mr. Fraser: I know that this man offered to testify. I know he certainly would not come to my office, sit down and allow me to take notes of what he had to say unless he was really an honest citizen and would back up what he had to say. From what he told me it was not only his word that was concerned but there were others who would have supported him. I wrote a letter to him dated the 14th of June in which I said I had spoken personally to the Minister of National Defence the day before when he had come over to our side of the house and sat down beside me. I said in my letter that I had asked him about stocktaking at ordnance, and that the minister had said they were not stocktaking when the fire took place. I told the minister that according to the men who came to my office, paint was being sold from ordnance stores. I said the minister had said that the allegations about shortages in stores could not be true because at the last inventory, shortages amounted to only one-third of one per cent.

I am not much at mathematics, although I used to be pretty good, but the government have involved us in such huge figures that millions are not millions any more. We are into the billions. In answer to a question of mine in the house the minister said that the expenditure on the buildings and one thing and another amounted to billions. If I am correct one-third of one per cent of $1 billion would be $3,333,000. The minister said that their expenditure on buildings and so forth amounted to billions. Therefore the loss last year must have been away up in the millions of dollars. That is not chicken feed. It is the money of the taxpayers that pays for these buildings and stores, and it is no wonder that our taxes are so high when such fires take place.

An hon. Member: It has to be more than $3 million to interest this crowd.

Mr. Fraser: Somebody has put a note on my desk to the effect that the Minister of Justice has treated the information I gave him in the same way that he treated the flour milling report.

An hon. Member: How funny!

Mr. Rowe: Funny, but true.

Mr. Cruickshank: Don't tear up that note.

Mr. Fraser: I did not know that the minister was going to speak on this matter today. My file is upstairs. I only have a few notes here. From what I can find out, between the time I told the Minister of Justice and the time I told the Minister of National Defence, absolutely nothing was done. When the Minister of National Defence spoke on this matter on April 21 he referred to Crown Assets Disposal Corporation. The third man who came to me said that from what he could make out Crown Assets Disposal Corporation would sell machinery and other things to an individual to be turned over out of national defence stores. However, when the order for that material would reach ordnance it was generally altered, and other articles were added to it. A year ago in the public accounts committee I asked how the department kept its inventories. I think there must be something definitely wrong with the way they check inventories and keep track of material. Personally, I feel a different system of bookkeeping should be installed, because I have been told of many cases of theft during the war since this news appeared in the press. In Toronto during the war we were told of tires being given to the men so they would not have to buy them for their automobiles.

We had a fire here in the ordnance depot on New Year's eve this year. I shall read from a report in the Ottawa *Journal* of April 16:

> Upwards of three hundred persons, many of them civilians, were attending two New Year's eve parties in No. 26 central ordnance depot, Plouffe park, the night of the $20,000 fire which raged through the southeast sector of the building.
>
> This was revealed this morning as the trial of Pte. Hector Davis, 17-year-old Aylmer soldier charged with arson in connection with the blaze, began . . .
>
> The officer on duty the night of the fire told the court he had made only one tour of duty through the depot instead of the usual two because he had been given the extra task of greeting party-goers.

Personally, I would think there is some laxity there in not having the proper supervision. Another thing that I would suggest to the Minister of National Defence (Mr. Claxton) is that he should not have the sergeants or officers messes in an ordnance building. They should be contained in a separate building so that the ordnance building could be properly patrolled. You cannot patrol an ordnance depot, or any other place for that matter, if you have three hundred people inside of it.

When I spoke to the Minister of Justice and the Minister of National Defence, I told them that raincoats were being sold at a certain place in Ottawa. I mentioned one place where they were sold, but I shall not mention it in the house. The minister can get the name from me afterwards if he has forgotten. I also said that one man that had been in to see me had been offered twenty gallons of paint at $4 per gallon. He knew it was from ordnance, because the man was in uniform.

I first mentioned the fire in the ordnance depot on the Monday after it occurred, that would be on the 4th of June last year. Between that time and the time I spoke to the Minister of National Defence I had five men in my office to see me personally, and I had three telephone calls, all giving me information.

Mr. Garson: I wonder if my hon. friend will supply us with the names of those gentlemen now?

Mr. Fraser: I told you last year I had them up in my office. I am not going to name names here because I would not know whether they would wish to testify a year later. The minister must remember that there have been many changes in the ordnance here in Ottawa since that time.

Mr. Garson: May I suggest to my hon. friend that he let us have the names of these gentlemen.

Mr. Fraser: I have been asking about these fires for a long time.

Mr. Garson: What about the names?

Mr. Fraser: I am not putting them on the record. Do you think that would help the case? I just wonder if the minister—

Mr. Garson: We can form our own opinion of the validity of the hon. member's assertions.

Mr. Fraser: These men came to me in confidence. On the 6th of June I was willing to give the names. I still have them.

Mr. Brooks: Would not the statute of limitations run against them now? Does the minister intend to prosecute now or does the statute of limitations prevent that?

Mr. Garson: There is no statute of limitations.

Mr. Fraser: Long before the ordnance fire I was asking questions. I asked about the fire loss, 1949-50, and during that time it amounted to $1,173,000. The following fiscal year which ended on March 31, 1951, the fire loss amounted to $1,126,000. I personally feel, Mr. Speaker, that if the Minister of Justice had paid attention to what I said on June 6 there would have been a number of convictions for theft, not only in the Ottawa ordnance—I think they call it No. 46—but also in other places in Ontario. Since this case has broken, Mr. Speaker, other fires have happened and other thefts have been noted. I do hope the Minister of National Defence and his officers will have a little better co-operation with the men in the ordnance department and other parts of the defence organization to make sure that these things do not happen again.

Mr. Rowe: They might at least have saved the tracks at Petawawa.

Mr. Fraser: Yes, one member says that they might at least have saved the tracks. I understand that at Petawawa they even stole the weigh scales so as to weigh the scrap metal and other things to make sure the men in the camp got their proper rake-off on what was stolen.

As I said before, Mr. Speaker, it is a case of the word of the Minister of Justice against mine. He has acknowledged that I had spoken to him on June 6 of last year, and I did. I spoke to the Minister of National Defence on June 13 of last year. He has not denied that, and I do not see how he could. I was surprised at the defence minister saying at that time that there could not be anything in it at all because our losses are only one-third of one per cent. When you are dealing in millions of dollars, that is a great deal of money. I know that you, Mr. Speaker, being a Scotsman will realize that. I thank you very much.

Hon. Brooke Claxton (Minister of National Defence): In a moment or two, Mr. Speaker, I shall refer to the remarks of the hon. member for Peterborough West (Mr. Fraser). Before that I should like to refer to the speech delivered last night by the hon. leader of the opposition (Mr. Drew) in which he saw fit to repeat in this house speeches made elsewhere regarding what he calls "wholesale looting" in the Canadian army. Hon. members will recall that this was the subject of a motion to adjourn the house on April 21. At page 1424 of *Hansard* the hon. member moved the adjournment of the house for the purpose of discussing "a definite matter of urgent public importance." It is interesting to note that having moved to adjourn the house on the score of urgency—if the hon. member for Peterborough West (Mr. Fraser) wants to continue his speech, perhaps he will do so.

Mr. Fraser: It was the Minister of Justice (Mr. Garson) who butted in, not I.

Mr. Claxton: The leader of the opposition moved to adjourn the house on the ground of urgency and then made this speech raising this subject again some thirteen days later. Hon. member and other hon. members will recall that in the house just previously that day I had made a statement on thefts at Petawawa. I announced the appointment of Mr. George S. Currie, a prominent chartered accountant and a man of outstanding integrity—as I think the hon. member for Greenwood (Mr. Macdonnell) and another hon.

member admitted—to investigate this matter. It may be of interest if I put on the record the telegram asking him to act. It reads as follows:

George S. Currie, Esq., C.A.,
Aldred Building,
Montreal.

Ottawa, April 21, 1952.

Confirming telephone please undertake immediate investigation and report earliest possible date into deficiencies and other irregularities engineering detachment at Petawawa and related matters there or elsewhere both to determine cause and make recommendations regarding security and accounting for stores equipment and services so as to prevent recurrence with any additional powers or terms of reference which are necessary to make complete and thorough investigation and report.

Brooke Claxton,
Minister of National Defence

Later that day I received the following telegram:

I am pleased to undertake the investigation referred to in your telegram of today's date and am making plans to commence immediately.

Mr. Currie began his work immediately and is now at work.

Mr. Rowe: Mr. Speaker, will the minister permit a question?

Mr. Claxton: Yes.

Mr. Rowe: Under what authority or statute was Mr. Currie appointed?

Mr. Claxton: I was just going to come to that matter. The leader of the opposition (Mr. Drew) asked under what authority that was done. It is under the authority of section 4 of the National Defence Act. The provision for the payment with respect to services of a professional and similar character is made in the defence estimates and will be made in consequence of a minute of the treasury board.

Mr. Currie had been deputy minister of national defence. He had served with distinction in the first world war and we felt that no better man could be found to do this job if we searched the length and breadth of the country. In my statement of April 21 I added this:

. . . if in the course of its work the select committee on defence expenditure would like to look into stockkeeping, accounting or auditing procedure, or any other matter relating to its work, on the spot and anywhere, all facilities will be provided.

The terms of reference of this committee are quite broad enough to permit of this. Let me read them:

That a select committee be appointed to examine all expenditure of public moneys for national defence and all commitments for expenditure for national defence since March 31, 1950, and to report from time to time their observations and opinions thereon, and in particular, what, if any, economies consistent with the execution of the policy decided by the government may be effected therein, with power to send for persons, papers and records and to examine witnesses; and that notwithstanding standing order 65, the committee shall consist of twenty-six members to be designated by the house at a later date.

The terms of reference of the select committee on defence expenditure were modelled on those of the committee set up during several years of the war to deal with war expenditure. Let me read those terms:

Resolved that a select committee be appointed to examine the expenditure out of moneys provided by parliament for the defence services, and for other services directly connected with the war and to report from time to time their observations and opinions thereon and in particular what, if any, economies consistent with the execution of the policy decided by the government may be effected therein, with power to send for persons, papers and records and to examine witnesses; and that notwithstanding standing order 65, the committee shall consist of twenty-six members to be designated by the house at a later date.

The committee's terms of reference are, I submit, ample to look into the accounting and stocktaking procedures affecting or controlling expenditures in order to suggest any economies that may be made. Obviously the committee has power to visit places, if it wishes to do so, in exactly the same way as was done by the war expenditures committee during the war. In my statement I offered to provide all the necessary facilities for that purpose. That went without saying but I thought it was a good thing to make that clear. That will be done if and when the committee determines that it is desirable.

In his speech last night the leader of the opposition (Mr. Drew) referred to what the hon. member for Peterborough West had been stated to have said to the Minister of Justice and myself. In his remarks the leader of the opposition gave a correction of the statement as it appeared in the Ottawa *Journal* for April 14, 1952. In that paper the hon. member for Peterborough West is reported, within quotations, to have said:

Even before the serious central ordnance depot fire in Ottawa last year I went to Defence Minister Claxton and Justice Minister Garson and told them I had people willing to testify paint was being openly offered for sale by men in uniform in Ottawa.

Mr. Speaker, it was one thing for the hon. member to come to us, as he now admits, after the fire. However, had it been true that he came to us before the fire and had we then done nothing about it, that was indeed a serious charge; but that was the way it appeared in the press and that is the way it was referred to in several places throughout the country, until the leader of the opposition last night gave the corrected statement which I was happy indeed to get. But there is no concealing how serious it would have

been had the Minister of Justice and I been told of this situation before the fire and had done nothing about it. It now turns out, however, that—in accordance with the statement of the leader of the opposition and of the hon. member for Peterborough West as he made it today—the report in the *Journal* is not in accordance with what the hon. member for Peterborough West said today. It now appears that he told the Minister of Justice what the Minister of Justice said on June 6, some three days after the fire; and he told me, according to his statement here in the house, what he said on June 13. The hon. member for Peterborough West came to me in the house, as he says, and said: I have heard that paint and some other things are being sold out of the ordnance stores and that the fire was probably set because of the fear of a stocktaking which would result in those thefts being discovered. That was what he said. And as the Minister of Justice has indicated, if it was true that there were thefts of substantial amounts, and if it was true that there were shortages, then that was a reasonable suggestion as to the cause of the fire which would have occurred to everyone. At that time the fire had been under investigation from the early morning o June 3. There were two fires that night. Both were caught in consequence of alarms instantly given, not as the hon. member for Peterborough West said, but instantly given, and fought with skill and courage by both the Ottawa fire department and the members of the armed forces.

The second of these fires broke out at about four o'clock in the morning in quite a different part of the buildings, and it likewise caused serious damage. There were representatives of the Ottawa fire department, of the fire marshal of the armed forces, of the provost corps of the armed forces, of the R.C.M.P. and of the fire investigation bureau representing the Canadian Fire Underwriters, at my invitation, from almost the time of the fire. The fire was investigated. People were interviewed for months covering every aspect of it, regarding rumours of deficiencies that might have led to someone setting fire to these premises in order to avoid discovery.

Now, what I told the hon. member for Peterborough West that day, on or about June 13, was that a stocktaking had recently been held in the part of the building where the consumable stores such as paint were contained, and where the fire occurred. This stocktaking indicated a very small deficiency relatively to what is usually found in a section of a warehouse containing consumable stores such as paint, wrapping paper, washing materials and the like. The deficiency was less than 1 per cent; so that—and this is the point I made—it was unlikely, in view of the relative smallness of the deficiency, that anyone could have set fire to that particular place for the purpose of concealing the deficiency, particularly when a stocktaking had taken place within a matter of weeks.

Mr. Fraser: That is different from what I understood you said.

Mr. Claxton: We can each give our impression. Then the hon. member said he had been told of this by people who had informed him. I suggest to you, Mr. Speaker, that if an hon. member, or any member of the public, tells me, after a fire of substantial proportions, that he has anyone who can bring anything to bear on the cause of that fire, I will say: Let us have his name.

Mr. Fraser: You never asked me.

Mr. Claxton: Well, that is your impression; my impression is that I did ask the name.

Mr. Fraser: I had a witness.

Mr. Robertson: Let us have it now.

Mr. Claxton: And that would be the most natural thing in the world. However, the point is this at this time we had police actively at work. They stayed on this job for months after, and it was an easy thing, as the Minister of Justice had pointed out, for the hon. member for Peterborough West to have spoken again either to the Minister of Justice, or to myself, or to have written to us about the matter if it was of the consequence that he says it was. I submit, Mr. Speaker, that to say that he felt frustrated is hardly a good reason for not taking the positive action of coming to the assistance of those responsible for the enforcement of law, as might have been done so easily.

If he was frustrated then, why does he cease to be frustrated now and make this statement at this late stage? If the hon. member sees fit to do it, I would be glad to have any names he has on conditions of confidence so that we can turn them over to the police and see what the situation is.

What may have given rise to all this was something that has not so far been mentioned, and it is of some consequence. It is that already at the ordnance depot there had been prosecutions for theft of rope, leather, shirts, boots, paint brushes, overalls, kit bags and so on, which were found in the possession of Morris Levinson, a junk dealer of Ottawa, and Harry Altman who operated a war surplus store in Ottawa. The value of the stores is estimated at $3,000. On March 22,

after a prolonged investigation, three soldiers and two civilian receivers were charged in civil court. Harry Altman was convicted but the sentence was quashed in the appeal court. Morris Levinson and the three soldiers were found guilty and sentenced to fines or imprisonment. That was just three months before this event occurred, so that what the hon. member said was hardly news at that time. What would have been useful would have been to have the advantage of any leads other than those which probably arose out of published reports or private knowledge of the investigation and prosecutions which had already taken place.

There were a number of stories current following the Plouffe park fire: one, that jeep and other automobile parts had been sold around Ottawa from Plouffe park. Jeep and automobile parts are not even kept at Plouffe park. In order to meet some of these statements at the time I authorized a statement to be made on July 10 as follows:

Jeep and other automobile parts are not even kept at Plouffe park. There is no truth whatsoever to the report that the loss of military clothing in the fire would delay the organization and training of the 27th Canadian infantry brigade group. The fact is that no military clothing was stored in the burned section of the depot and none was lost. There was not one garment or any type of clothing or equipment stored in this part of the building. Neither is there any truth in the rumours that there were stock shortages in the area where the fire occurred. Stocktaking in the area concerned was completed on April 13, 1951, and deficiencies were less than one-half of one per cent—and these were for a year and four months of operation—considered to be a remarkably good showing for materials like paints, cleaning and packing materials, and other similar consumable stores.

We have had professional assistance from time to time from firms of accountants to advise us with regard to accounting procedure and the like. One such was James C. Thompson of Peat, Marwick, Mitchell and Company who, under cover of letter dated April 17, to Mr. E. B. Armstrong, assistant deputy minister (finance), Department of National Defence, Ottawa, Ontario, wrote:

Dear Mr. Armstrong:

In connection with our recent examination of accounting for stores at 26 COD, Ottawa, I wish to confirm my statement to you that during the course of our investigation we found no evidence to suggest that the recent fires at the depot were in any way instituted to cover up shortages of stores. While we are not in a position to state how the fires arose, we do not believe that there was any connection between such fires and the accounting for stores and materials.

Mr. Speaker, the motion of the leader of the opposition to adjourn the house was not allowed but the next day he made a statement in the Ottawa *Journal* covering generally the same grounds.

In the same Ottawa *Journal* we have a report referring to the last fire. This states that a soldier employed in the ordnance depot had been convicted of setting the last fire, and sentenced to two years less one day.

Because it has some bearing on fires and thefts, it is important that we should have some perspective to our discussion. When I ask that the house follow me in this part of my speech, I do not want anyone to think for one moment that I want to diminish the seriousness of the charges that have been or may be laid, or of offences such as those that have been described, whether they be the theft of public property, the fraudulent use of public property and services, or arson. These are dreadful things; and I can assure the house that those of us in the Department of National Defence have done, are doing and will do everything we can to prevent them, to detect them and, where we find them, to make sure that the law takes its full course.

But when we have exaggerated statements of the extent of fire losses it is important to have a sense of proportion. I deplore the size of fire losses. We do everything possible to reduce fire losses by fire drills, fire fighting equipment, fire prevention campaigns, fire education campaigns and co-operation with the civil authorities. But fires still occur.

I would point out that it is difficult to compare the situation of military buildings with that of civilian buildings. Military buildings to a great extent are of temporary construction. A lot of them are wartime buildings, with the wood dried out and impregnated with oil. Military operations are frequently related to activities that use dangerous materials, such as explosives, fires for forges or for metal work, and stoves for local heating. Then, in many of those wartime buildings there is imperfect wiring, and the like.

So that I suggest it would be natural to expect that, under the law of averages, the losses of military buildings might be higher than those in settled areas. But I do submit that it is difficult indeed to make comparisons of figures because of different methods of valuation and different methods of accounting.

I mention these figures for purposes of illustration only. I may say they are the only figures those concerned with the matter in the department or in the other offices concerned with statistics have been able to give me. These are the figures for 1949, the last year in respect of which figures for civilian valuations and losses are available.

In the cities of Halifax, Montreal, Ottawa, Toronto, Winnipeg and Vancouver the assessed

value of real estate in 1949 was $4,229,300,000. In the same year the comparable value of property in the Department of National Defence was $1,229 million. By taking 65 per cent of the cost of national defence property, to put it on some sort of basis of comparison with the assessed value of real estate in these municipalities, we arrive at the figure of $844,400,000.

In that year fire losses in the armed forces for buildings and contents amounted to $1,074,485, or 13/100 of 1 per cent of the valuation, as I have arrived at it. Fire losses to civilian buildings and contents in the cities mentioned totalled $11,336,700, or 27/100 of 1 per cent of the assessed value of the civilian property.

The ratio in 1950 for the service buildings was 13/100 and in 1951 it was 12/100 of 1 per cent.

Mr. Green: Would there not be several million more people around civilian buildings?

Mr. Claxton: Yes, but I think that would lead to more effective prevention and detection measures, and more fire fighting apparatus.

I wish to leave the question of fires there and, against that background, say a word about the matter of losses through thefts.

Mr. Green: Before the minister leaves the subject of fires, would he tell us what the losses by fires were in 1950 and 1951?

Mr. Claxton: I just gave them.

Mr. Green: And up to date in 1952, in defence property.

Mr. Claxton: I just gave them for the earlier years. I have not the figure for 1952, but it is higher this year.

Mr. Green: I thought the minister said that figure was for 1949.

Mr. Claxton: After I had given the figures for 1949. I gave the ratio of service losses later. I have not the actual figures here, but they were put on *Hansard*, in a return made some time ago.

Mr. Green: I thought the only figures the minister gave were for 1949.

Mr. Claxton: I gave ratios for later years. It is important to appreciate how the scale of defence operations has changed since Korea. Measured in terms of money, our defence appropriation before Korea was $425 million. Today, since Korea it is $2,001 million, or nearly five times as large. Measured in terms of manpower it has increased from 47,000 to 96,000, and in civilian employees from 26,000 to 40,000.

[Mr. Claxton.]

During that time we have had hundreds of millions of dollars' worth of contracts placed and under way, not only for equipment and stores but also for buildings. At the moment there are under way in Canada 513 major contracts, 22 of which are at Petawawa. I suggest to hon. members this means that in every military establishment, hardly without exception, we have a situation whereby, in addition to ordinary military operations on a greatly expanded scale, we have construction going on to a degree which can be compared only to the peak of wartime activity. Swarms of civilian workmen are employed by the civilian contractors, and numbers of service and civilian workmen are employed on different parts of development projects.

It does not require any great imagination or experience in this kind of operation to realize that this is an exceedingly difficult one in which to maintain proper security with regard to certain types of equipment. When we think of other activities on a somewhat similar scale, such as for example the Canadian National Railways, we see that even they do not compare in magnitude with what is going on in defence. Last year the C.N.R. had an inventory in December of stores and supplies of $94 million. I do not suggest that these figures are comparable, but in defence we have in stores, either in the main depots or with the units, equipment and supplies to a value of which may run to one billion dollars. This inventory figure of $94 million for the C.N.R. was adjusted for losses of $18,344. The C.N.R. had claims for losses of freight by theft of $110,103 and had unallocated losses of freight amounting to another $278,375. That despite the fact that its operations are carried on along railway rights of way behind fences and in compact and well-guarded yards, stations and warehouses.

In the armed forces, we have several different types of accounting bodies which hold stores. First of all there is the ordnance which operates mainly at the central ordnance depots, No. 25 in Montreal, No. 26 here and No. 27 at London. It makes issue to units. Then we have the army service corps which handles food, oil, gasoline and the like. There is the Royal Canadian Electrical and Mechanical Engineers which has charge of parts for automobiles and the repair of equipment which these units receive from ordnance. The engineers have the equipment which they use in the field companies. There are medical and dental stores as well. All these have a rather similar accounting procedure.

The articles they have are susceptible of accurate and efficient stocktaking, stock-keeping and accounting procedures. Then we come to another class, the class of surplus stores or salvage obtained by engineer works companies. Commodities come into the hands of the engineers in this way: At a camp like Borden or Petawawa some wartime huts have to be replaced by new houses and barracks. Wartime equipment which is wearing out has to be replaced in huts which have been renovated. Equipment such as stoves, sinks and shower stalls is put into the hands of the engineers but until the procedures which we developed in 1949 are made effective salvage equipment of this kind was not put expressly on their charge.

This equipment is examined to see what will be disposed of and what will be put into good condition and kept for future need. The thefts at Petawawa were principally related to this type of equipment, being either scrap or equipment that was in the hands of the engineers but not on their charge and awaiting a decision as to whether it would be disposed of or put on charge. When I mention to you that the operations carried on by the work service engineers has increased from a program of some $30 million in 1949 to $300 million in 1951 you will see that the scale of their operations has increased out of all recognition.

Mention has been made before of Farnham. The leader of the opposition (Mr. Drew) is reported on page 1797 of *Hansard* of May 1 as having said:

> That camp disappeared except for a few of the walls and the foundations which could not be conveniently moved. Of more than 100 wooden structures—and very solid wooden structures they were—in that huge camp area, an undisclosed number had been lifted intact from their foundations by a heavy-tracked vehicle and sold for prices ranging from $25 to $50 to farmers and other residents in the eastern townships at that time.

Perhaps the leader of the opposition and others who have referred to this have had in mind the first reference to it which appeared in the press when the *Gazette* of December 14, 1945, had headlines such as this: "Army Reveals Farnham Camp Looted, $50,000 in Huts, Fittings Missing". Then followed a rather extensive report.

What are the facts about Farnham? Farnham was a summer camp built in 1940 primarily for use by troops in tents. Erected on it were some cookhouses, bath houses, latrines, store rooms, offices and the like. They were spread over an area of six square miles. The cost in 1940, including clearing, excavating and services, was $96,344.40. The camp was used during six years of war. It was declared to be surplus to military requirements in 1946 and in the ordinary course it would have been disposed of through War Assets Corporation as it was at the time.

However in 1947 I froze all disposal procedures while we had another look because of the changes in the international situation and the build-up of the armed forces. From the time when the camp ceased to be occupied in 1946 until 1949 a good part of the plumbing and other fixtures was removed by army engineers for authorized use in other establishments. Two civilian guards were charged with looking after the property but unfortunately they removed a good part of what was left and sold it to residents in the district. That was discovered and they were prosecuted. A court of inquiry was held and it was found that the value of the material stolen and not recovered was $3,500. It was found also that it would not have been possible to ensure the safety of the camp without employing sixteen men which would have meant an expenditure of about $32,000 a year. It is clear from this that what should have been done was either to let the camp go to sale or to let it walk off. We could not do that and we put in two guards. Unfortunately they proved to be untrustworthy.

Mr. Green: Were they convicted?

Mr. Claxton: One was convicted and the other has not yet been tried. He chose a speedy trial and the prosecution is still in the hands of the provincial authorities. It would not be proper at this time to go into the question of Petawawa any further. The matter is now before the courts, and I do not think anyone would regard it as appropriate or useful, even if it were in order, to refer further to it. The leader of the opposition (Mr. Drew) referred to a baby tank being lifted. We have no evidence of that whatever. We do not know what is meant by a "baby tank". The only tank part that his reference may have been intended to cover is part of a cupola of a tank that has been used for years as a target for Piat firing. It has been immobilized of course and has been unworkable for years. It appears that one of the civilian scrap buyers may have removed some part of that. The story is that when asked about it he said it was part of a load of scrap that formed a part of his order.

I referred the other day to the theft of soil pipe. I am informed that was not on charge to the Department of National Defence but to the Central Mortgage and Housing Corporation as part of its operations, and that Central Mortgage and Housing Corporation was in process of turning it over to national defence to be used by the works services of the engineers. References have been made by the hon. member for Peterborough West

(Mr. Fraser) to improvements in accounting procedure. I want to assure him that changes are constantly being made in every type of operation having to do with accounting procedure. With the assistance of treasury officials, members of the civil service commission and outside aid, as well as officers of the department who include some chartered accountants and others expert in this field, changes are being made steadily from time to time.

With respect to the question of stores—and I think hon. members will agree that is the most difficult kind of article to keep under effective control—this matter was the subject of a study made in 1949 when the chief auditor of the Department of National Defence consulted three leading civilian firms, Anglin-Norcross, the Foundation Company of Canada Limited and Hill-Clark-Francis Limited. I am informed that these firms thought that the system we had worked out was all right. It was worked out after a study had been made of the United States system which was largely adopted by us with adaptations for use in Canada. I understand that system is quite similar to the one subsequently adopted in the United Kingdom and Australia. It is a cost accounting system with various elements accounting for materials and supplies, job cost, real property records, installed engineering fixture records and works feature cost records.

The plan was to establish this system progressively during the years 1950 and 1951 but, as I have indicated, the tremendous expansion of the activities of the works branch, as well as of others in the armed forces, has delayed the full establishment of the system, but it is now being pressed forward. Unfortunately, or fortunately, the administrative staff of national defence was not increased nearly in proportion to the operational forces, and yet it still had to deal with an all-time peacetime peak load. That task has taxed both personnel and equipment. The result is as I related to the house in the statement I made, and I have nothing further to add at this time. The matter is the subject of an inquiry by Mr. George S. Currie, and no doubt it will be inquired into later by the special committee on defence expenditures. The matter will be developed further as the cases proceed in the court. With respect to discrepancies, irregularities and dishonest practices, those are the subject of further investigation, and if it should develop that there is reason to believe that criminal offences have been committed, charges will be laid.

I only wish to add that the hon. member for Greenwood (Mr. Macdonnell), the hon. member for Kootenay West (Mr. Herridge) and perhaps one or two others have asked questions or made statements about defence matters during the course of this debate. I propose to deal with those in detail at the next convenient opportunity or else ask my parliamentary assistant to do so when he returns. Finally, the leader of the opposition (Mr. Drew) suggested that some other tribunal should be set up to look into these matters. I have mentioned those already in existence, but I do suggest to the house that if there is one proper tribunal to deal with this kind of question it is the tribunal that is dealing with it now, the tribunal of parliament.

Mr. Green: May I ask the minister a question? Early in his remarks the minister gave the authority under which Mr. Currie was appointed to make an investigation. I understood him to say it was section 4 of the National Defence Act. I should like to have confirmation of his statement because that section does not seem to deal with the point at all.

Mr. Claxton: I asked the deputy minister of justice and treasury officials about this matter. I am informed it is the practice for ministers to engage professional assistance of this kind by virtue of general responsibility for the conduct of their departments, and payment is provided by a vote therefor. We have an appropriate vote, and it would be authorized by the treasury board.

Mr. Green: Has there been any order in council passed or any authority of any nature?

Mr. Claxton: No.

Mr. Green: The section to which the minister referred reads as follows:

> The minister shall have the control and management of the Canadian forces, the defence research board and of all matters relating to national defence including preparation for civil defence against enemy action, and shall be responsible for the construction and maintenance of all defence establishments and works for the defence of Canada.

That is the section.

Mr. Claxton: Yes.

Mr. Green: Would Mr. Currie have any authority to investigate the actions of the minister or deputy minister?

Mr. Claxton: He can investigate anything he likes.

Mr. Drew: Since I asked the original question, may I ask the minister whether there is any other authority under which Mr. Currie has been appointed other than section 4.

Mr. Claxton: No, I think that is all.

Mr. Drew: Would the minister explain what authority Mr. Currie would have to call witnesses or to compel the production of documents, records or anything of that kind?

Mr. Claxton: It may be taken, Mr. Speaker, that since we have invited this investigation, and engaged a man of the integrity and competence of Mr. Currie to conduct it, he will have full access to all records within the Department of National Defence. If his investigation should require that he should look elsewhere for records or to summon witnesses whom he cannot get through other means, then my telegram to him indicated that steps would be taken to see that he had adequate powers.

Hon. W. Earl Rowe (Dufferin-Simcoe): Mr. Speaker, I am sure that this afternoon we have listened with some interest and keen concern to the three members of the cabinet who spoke. It is rather strange that, despite the fact we received somewhat of a lecture from the Minister of Finance (Mr. Abbott) that all speeches should be relevant to the budget, at least two of the three speeches and half of the other were as irrelevant as they were defensive.

Mr. Langlois (Gaspe): In reply to your leader.

Mr. Rowe: My leader has never had to make as many defensive speeches as we had to listen to this afternoon.

Mr. Abbott: He made a pretty good defence last night. He spent most of last night on the defensive.

Mr. Rowe: If he was irrelevant last night, then you were both irrelevant and defensive today—

Mr. Abbott: I did not say he was irrelevant.

Mr. Rowe: —because you never once touched on the budget, and you did not even tell us about your trip.

Mr. Abbott: I do not like to make as lengthy speeches as the leader of the opposition (Mr. Drew).

Mr. Rowe: I am very sorry that the weather was not better. I am not too critical personally, however, about your visit to the United States—

Some hon. Members: Hear, hear.

Mr. Rowe: —because I learned something from your speech there that you had never said in parliament. It is always an advantage to hear cabinet ministers speaking in other places while parliament is in session, because they are speaking more freely than they would in their very responsible and dignified positions in this house. It does not help parliamentary responsibility, however, or aid in instructing the rest of the house.

I am not going to follow the defensive speeches of the Minister of Justice (Mr. Garson) or the Minister of National Defence (Mr. Claxton). I noticed that the longer the Minister of Justice talked the more involved he became, and the more he defended the more he had to defend. I quite realize the heat with which he crossed the floor, and I am glad that the language of the minister and the hon. member for Peterborough West (Mr. Fraser) was not placed on the record, because when they are not on their feet they are both capable of describing each other. I do feel, however, that it is rather novel that the minister of defence should be on the defensive so much this afternoon.

I know that we have had the laughs and jeers of those who have been the yes men of this government, and who express such brilliant gibes when they are sitting down but express so little when they are standing up, no matter what is stolen or burnt. As the minister has said, I know that the loss is only a small portion of what we are spending—2 per cent or a half of one per cent. A million or two here or there: it just cannot be possible that it is disappearing. In fact, the Minister of Finance is always more sure that his budget is right if it is large enough. The larger it is the more he can boast about its greatness. The more burdensome it is on the people, the more certain he is that he needs the money.

I have read the budget, and I have listened with interest to some of the speeches that have been made. I have not heard them all, but judging from those I have heard from those who sit to your right behind the government, I am at least consoled by the fact that I did not miss very much in the ones I did not hear. I feel that the government seems to have given us a budget which the taxpayers of this country accept, Mr. Speaker, but it contains the highest taxation and is the largest budget this country has ever known. If it is conspicuous by its size, it is even more conspicuous by its vagueness and its lack of relationship to any fiscal policy. In fact, I have been waiting in vain to hear from the Minister of Finance, or his rather fluent assistant, any description of fiscal policy.

Mr. Sinclair: You are so seldom here you would not hear it if we did give it.

Mr. Rowe: I was here long before the hon. member, and I have been here long enough to know that if he were speaking every day I would not be here as often as I am, because I would not be missing very much. I have watched the hon. member since he came into the house. I know that he is so sure of himself that he likes to hear himself very

often, and always did. But, Mr. Speaker, I am not sure that the noise a member makes is any indication of his contribution to this house. I have heard the hon. member many times, and he is becoming about as efficient as some of those who jibe when they are sitting down. He is generally good at that. However, as he progresses and attains a dignified role, he may live to learn that it does not pay.

I wish to bring to the attention of this house the fact that we are carrying a burden which I think is dangerous. In bringing down his budget I must say that the Minister of Finance has almost become a magician. You have all seen the advertisement throughout the years for the old Magic baking powder. I believe we might call this a kind of magic budget powder, because it convinces the taxpayer who does not look into the matter very much, except when he is making out his income tax form, that he is paying less than he was. The minister very clearly showed the people that their taxes were going to be reduced, yet through some magic formula he showed that our revenues are going to be higher. I have listened to many budgets, and to many ministers since the days of the Hon. Mr. Robb. I must give my congenial friend the Minister of Finance top marks and the grand championship for being able to take from the people with one hand, give to them with the other hand, and yet show them that they pay less while he receives more. I think it is very clever. My dear old friend the Hon. Mr. Robb, whom the present minister knew very well, was not a lawyer and so was never able to convince people as the present minister can that they were paying less but he was receiving more. However, Mr. Speaker, civil government and civil administration by the government, in a country the size of Canada, which is a growing country, is a great burden on our development. I refer to civil administration itself, the bare necessities that need to be paid for, in order to run the affairs of this dominion.

But there is something on top of that. There is not an hon. member in the house who does not realize and appreciate the tenseness of these times. They realize that we might be thrust into war at almost any moment and that suddenly, like a lightning flash in the night, our whole existence might be threatened. Independently of party, there is not an hon. member in this house who is not ready at all times to co-operate with the government and to try to help constructively in order to see that the money is properly spent and that preparedness for an awful day such as that which may come sooner than we think shall go full steam ahead and indeed be the first obligation on the Canadian people. That is our duty to ourselves, to our people, to our country and to civilization itself.

The amounts that are mentioned are tremendous. To speak again of the days that I was referring to, this budget now before the house is eleven times larger than the budget which was introduced when I entered this house. It is just eleven times as large as that one. You are taking eleven times as much from the people. Despite the need for defence, the government has gone on and on with regard to expenditures. The Minister of National Health and Welfare (Mr. Martin) no doubt must have a new way for spending money on social security and the welfare state almost every time there is a cabinet meeting. I see the Minister of Finance smiling. I will credit him with this virtue: he is not quite as wildly extravagant as are some of his colleagues. Nevertheless, he is not as careful as I should like to see him be. At a time when the defence obligations of this country are so essential and so vital to our very existence, surely we should at least be careful about superimposing upon those obligations other forms of obligation that may well-nigh threaten the economic progress of this country.

On top of all the defence obligations we have not only a social security or welfare state program but a debt reduction program and a surplus-provision program as well. The surplus last year was twice as great as was the whole budget in 1925. I am referring to the surplus alone. Mr. Speaker, I am not going to use just my own words, although I have had some experience in watching budgets and in trying to make a business pay. I have also had a lifetime's experience trying to make a farm pay, and I certainly have had the normal experiences in watching what makes progress possible.

Coming from that great city of Montreal, the Minister of Finance has watched business grow. I must credit him with knowing at least some of the essential and fundamental necessities in connection with keeping a business flourishing. He said:

> I wish to emphasize however that we cannot have all these and reduce budgets too. Canada can afford these things we are doing but only at the cost of forgoing expansion or improvement somewhere else. Trying to do them all will only result in inflation. We must all hold some of our projects and programs in reserve even though they are sensible or indeed profitable.

What he is saying there is merely this. If we are going to do all the things some of his politically-minded colleagues would suggest, and are going to give everybody everything that is asked for, are going to give as many people as many things for nothing as they

wish at election time—if we are going to do all these things we are going to be in difficulty.

We must reduce other projects if we are going to spend more recklessly than ever before for civil administration. Never has a government spent as recklessly and wildly as has this government in connection with civil administration; never before has a government ventured in peacetime, or even in wartime, to spend so much on a defence program. Never before has a government ever ventured to spend so much on the welfare state. Never before has a government superimposed all these things, one upon the other, and ventured to have a surplus which is twice the size of some of our former budgets, and then planned to tell the people: We are reducing debt at the same time.

Mr. Speaker, not even a financial magician like the Minister of Finance can make that game last. When he tells you that he can do it only by retarding the economic progress of this country—when he makes that admission—it is time to stop, look and listen. The signals are out—and they are there in their tragic nakedness—warning us to view the future with great concern, if not alarm.

Mr. Speaker, the only way in which this country can ever afford to maintain the social services of the welfare state for which the pattern has been made is by an extension in industry and production such as we have never yet known. Even if there were a slight falling off, what would happen? The minister on another occasion said that he felt that we were in a very dangerous period when we had to tax industry 50 per cent of their net earnings or when we had to tax industry 50 per cent. He has made that statement on various occasions. Yet he now glibly tells us: We are going to take 54·6 per cent from the industries of this country. Where is expansion going to come if the minister is correct? From his long experience in his professional and civil life before he came into this house, he states exactly what is so true, namely that it can be done only at the expense of economic expansion.

Mr. Speaker, I hope that the members of this house—those who are interested enough to be here this afternoon—will weigh that consideration seriously and ask themselves the question: Where do we go from here?

Mr. Speaker, it is true that we have been experiencing an all-time high in prosperity brought about by conditions and for reasons beyond the control of this government. Do not let anyone—even the most hard-boiled supporter of this government—think that the government has brought about this so-called prosperity or that they have made it possible for the Canadian dollar to be worth 2 per cent more than the United States dollar. This is a strong and powerful country. It has been said that some people are born to greatness, some achieve greatness and some have greatness thrust upon them. Canada as a nation has had greatness handed to her. Canada is a great country. It must be strong in order to stand a government as reckless as is the government we have had for the last few years.

Seriously, Mr. Speaker, there is a matter that I wish to direct to the attention of the Minister of Finance. He smiles. I am glad that he can do so. That is one of the happy faculties he has. He can smile even in the face of possible tragedy, whether it be political or financial. And it is a good thing he can. Many people in Canada will not be able to smile if he keeps on taxing them. I agree with him that he has no other course but to levy the taxes he is levying if he is to meet all the political obligations, you might call them, and all the things that will have popular appeal up and down the highways and byways of this country, because they must be paid for.

May I point out that today the textile industry is more or less in the doldrums and unemployment increasing; the leather industry is in a very serious condition today, and so is the lumber industry. That industry is threatened, and orders are falling off tremendously. I could add some others that the Minister of Finance knows very well are going to seriously affect his tax returns next year. He knows very well, Mr. Speaker, that we cannot continue to tax the people as we have been taxed, and expect this condition to grow better.

This government expects next year to take at least 30 per cent more from income than they took last year. Superimposed on that is a 2 per cent social security tax, amounting to an additional $214 million. It is pretty hard to see where there is any tax relief in sight and as these industries fail to pay the volume of taxes, there is little chance of the rate being reduced. However, I am aware that next year the government will likely try very hard to reduce taxation. Election year is always a great year for the taxpayer, and I am sure that the government will bend every effort next year to budget for a small surplus. In fact we will likely be told next year that a surplus is unnecessary, that a surplus increases extravagance and encourages spending. We will likely be told that we do not need to budget for a surplus. I can only say this in advance: The public will be waiting anxiously before an election is announced to hear the clarion call for an

election; for next year's budget will tell whether there is to be an election or not. There has not been a budget by this government, or by the party that is now in power, in the last three elections in which they have not handed out hard-earned cash or reduced taxes or handed some form of bonus or a subsidy to get themselves reinstated because of the fear of losing power for the sake of power alone.

I said there is very little relationship between taxation, fiscal policy and the budget. Before I leave the taxes I do wish to say that I regret very much the minister did not see fit to allow deductions for hospitalization and medical expenses. I urge upon him that when the resolutions are up he reconsider it and allow the expenditures to be deductible before income taxes are paid.

Mr. Macdonnell (Greenwood): He is waiting for an election.

Mr. Rowe: As the hon. member for Greenwood has said, he is saving that as an election touch; in fact, it would be a very neat election idea, and along with that it would be very attractive. It would please the doctors, the nurses and the hospitals. It would please many people. If you cannot do it in any other way I urge you now to make that concession before the election, because the country needs it. I know that you allow any of us who wish to contribute to hospitals or to other charitable causes, to our churches and so on, to deduct those contributions from income tax.

Mr. Abbott: Up to 10 per cent of your income.

Mr. Rowe: Yes. Not many of us want to give much more than that.

Mr. Abbott: Not many of us do.

Mr. Rowe: No. I leave it to the minister's own judgment to say whether deductions for medical expenses are not just as fair as charitable donations. If a person can afford to pay the medical expenses not of his dependents but of someone else's children, if he can afford to pay a thousand dollars, and some do, or five thousand dollars to a hospital for medical expenses, that ought to be deducted before income tax. If it were a charitable gift it would be deductible. Surely, if you want to pay $1,000 for the medical expenses of some crippled child, whether he belongs to your own family or not, it should be deductible from income tax just in the same way as $1,000 paid to a hospital drive is deductible. I compliment the hon. member for Winnipeg North Centre (Mr. Knowles) on bringing this matter before the house. I am glad that everybody supported it except the Minister of Finance. I am sorry that after receiving such support it was turned down by the Minister of Finance. Again I urge upon him not to wait until an election year. Do it this year. There will be a lot of sickness this year. The minister is imposing heavier taxes on the people. Business is not as good as it was. There is a lot of unemployment. Many people need help this year. I plead with the minister again to reconsider and bring it in this year. As someone said to my right, better late than never. If you cannot bring it in this year, bring it in as an election sop, and it will still be good in 1953 or 1954, because if the government is defeated our party will carry out those good intentions.

I have been alarmed, Mr. Speaker, and I know the Minister of Finance has expressed his alarm, at what is going to happen to our business and to our expansion program that is so vital and necessary if this young country is to grow as it should. I am alarmed at the fact that there is no relationship between fiscal policy and this budget similar to what there should be and has been in other years.

It has been suggested that we should have a careful study made of our whole trade situation, especially international trade, and with that I am in full accord. I think you will recall, Mr. Speaker, that several years ago, and in fact on two or three different occasions, I urged that we should have an empire trade conference. It has been suggested very vigorously recently by our leader and by the hon. member for Lake Centre, but the government has paid very little attention to it. I would ask the Minister of Finance to reconsider that request. I believe every other party in the house has suggested that it would be bound to do some good. I recall the empire trade agreements of 1932. While these were difficult years, there is no one who remembers the proceedings of that conference who will not agree that the agreements were of great benefit to Canada at that time and for many years after.

At the present time the United Kingdom is studying where she can buy her goods, and we have given very little co-operation. In 1951 we purchased $31,900,000 worth of goods per month from the United Kingdom. At the present time, even though she is buying over $60 million worth per month from us, we have reduced our purchases from Britain by at least one-third, or approximately $10 million a month. On the other hand, the United Kingdom has sent her trade commissioners all over the world, and not long ago, when this great drive was

put on by red China and Russia, representatives of eighteen different countries visited Russia.

I believe Sir John Boyd Orr of Great Britain has within the last few months negotiated contracts to a value of $50 million with the countries behind the iron curtain. I have been wondering what is going to happen in this country. Great Britain is buying from us this year at a rate of $10 million per month less. It is now estimated that we will sell $70 million less of goods to Australia and to New Zealand than we sold last year.

Britain is buying lumber from countries behind the iron curtain; she is buying grain from the same countries; and she is trading her textiles to those countries, while our textile mills are closing. We have a situation which, if not dangerous, is certainly critical. But in the policies we hear from the government with respect to the expansion of trade we do not hear a word that would encourage enterprise. Indeed, in the words of the Minister of Finance, that expansion must be reduced.

The only expansion we see is in the welfare state. The only expansion to which the government adheres is that recommended by the Minister of National Health and Welfare (Mr. Martin), who would spend all we make, and give even more away. So, if the government takes any credit for the kind of prosperity that has been thrust upon it, it must also admit that it has given very little opportunity for the development of any expansion program for the future.

Yes, it is truly said that the power to tax is the power to destroy. The government knows that now, if it did not know it before. I was amused when the Minister of Finance rose in his place and reduced the taxes he had increased at an earlier time on tobacco and cigarettes. And we will recall that there are reasons for his having done that. His reason for the reduction was that he had put the rate up so high that he collected a million dollars less in revenue. That, of course, is possible. I venture to say that if he raises the rates on personal and corporation income tax in the next year—and of course he will not do that, because it will be getting closer to an election—he will have exactly the same condition, in general, as he had in connection with cigarettes and tobacco. The minister knows that in respect of those two commodities his revenues fell to the extent of a million dollars, because he increased the taxes to a point where sales dropped. That is possible in business.

I agree with the minister that when one gets above a 50 per cent tax on the business life of this country he is reaching the danger zone. That is why there are signs of curtailment and fears among the people who hold to the view that, by expansion and productivity, perhaps we could weather the storm of the future, no matter how severe it may be.

I am not going to speak at greater length. I would urge the government to reconsider some of its proposals, and to beware of the dangers ahead. There are many signs that are not good. I shall not do more than make a passing reference to the government's tendency to spend more because it knows it is going to have a big surplus. For instance, last year they spent about $17 million advertising themselves, about $4,500,000 on telephones and telegrams. In fact, they spent so fast that, when the surplus got too large, it was spent so that in the last few months before the budget it was half gone.

This year the minister says the surplus might be $9 million. But no one in this country knows what it will be—and, if one may judge by his record, the Minister of Finance does not know whether there will be a surplus of $9 million or $300 million, or a deficit. I venture to say however that if it is $300 million, instead of spending $17 million on publicity before an election, it may spend $34 million.

This is what creeps in when there are large surpluses. If there ever was a time both in business and in government when budgets were important, that time is now. They are important in family life, and as they apply to schools, churches and other enterprises. But they are vastly more important when related to our national business.

Every business in this country is taking stock today, and trying to economize all along the line. They are watching every dollar of expenditure for purposes of maintenance and repairs, and looking carefully at programs for expansion. I know of many industries that have reduced their expansion programs because they see danger signs. They see a tax of over 54·6 per cent on everything they make. They see increased interest rates, and they believe that with decreasing business it is time to take stock and to cut out extravagance.

Today our farmers are afraid of things in addition to the foot-and-mouth disease, because that disease has not done to the beef cattle industry much more harm than the sale of oleomargarine has done to the dairy industry. The importations of oils for oleomargarine have almost ruined the dairy industry, while the foot-and-mouth disease is threatening the beef industry.

Lack of fiscal policy on the part of the government has ruined several industries; yet we find among government members very little concern. We see extravagance in almost every department. This afternoon we have listened to three ministers defending themselves, arguing as to whether someone told them about a theft before a fire or after a fire, arguing whether it was started at one end of the building or at the other end, and admitting that it started in two different places—but no one knowing how much had been stolen in between the two fires.

We have today the spectacle of more civil servants than were ever employed before, with 40,000 additional in the Department of National Defence alone—almost as many as there are soldiers. Those employees are falling over each other, and yet there were not enough left to patrol valuable property on New Year's eve. Is it any wonder that in some places nearly everything that was not nailed down was stolen?

Someone told me today—and I could scarcely believe it myself; and after the cross-examination between the hon. member for Peterborough West (Mr. Fraser) and the Minister of Justice (Mr. Garson) I am almost afraid to say what I heard; and I shall not give the names—but I was told that a skating rink was stolen from the defence department, including even the ice. Now, I can hardly believe that that could be true.

We do know however that millions of dollars' worth of equipment has been stolen from Petawawa. I want to know what these 40,000 civil servants are doing, now that they are on the payroll. Is one watching the other? As someone has pointed out, they have even stolen scales to weigh what they had stolen. Someone else says that they were sending telegrams to each other. It is bad enough to steal rolling stock; it is a bold thief who will tear up rails; but it is a bolder thief who will steal scales to weigh the scrap iron he has taken.

Well, that is the spectacle. These are burdensome figures. They arise from the taxation threatening to cripple industry in this country. They are coming from taxation that threatens to retard enterprise on the part of the individual. They are coming from taxation that threatens the very life of this country. And I say quite sincerely and seriously, even if it was the last thing I ever said in the house, that no matter what party is in power after the next election—and I have seen many changes; and I can hear the rumbling in the mulberry bushes even now—

An hon. Member: You are not making any forecasts, are you?

Mr. Rowe: Forecasts are dangerous. I can hear the rumbling in the mulberry bushes now when you hear three ministers apologizing in one afternoon. You can hear it, and it comes awfully fast. It comes and hangs down around your ears before you know it is there. This government is powerful, but the larger they are the harder they fall. When they start tumbling they will fall over each other so fast in defeat that you will not be able to distinguish among them.

Mr. Garson: You should know from experience.

Mr. Rowe: You have had some experience yourself. It is true that I have had more experience than my hon. friend, but at the same time they will fall so fast that you will not be able to distinguish among them the really bright one like the Minister of Finance and the duller ones who think more when they are sitting down than when they are up speaking. They will all look alike when the tide turns. I know it seems to be a fine thing to them to adopt the tactics they have adopted. The Minister of Finance is looking a lot older since he came down here.

An hon. Member: The Minister of Justice.

Mr. Rowe: Yes, the Minister of Justice. The Minister of Finance looks younger every time he gives us one of his budgets. He looks even younger today than when he first came here. All these tactics do not disturb me. I think of Sir John Macdonald who said that you always find the most sticks under the best fruit trees. Whether it is the leader of the Social Credit group or the leader of the C.C.F. party that they start knocking and making those little chips of personality they will find that those persons grow larger and more influential all the time. The same game was played with one of the greatest statesmen this country has ever produced, the Right Hon. Arthur Meighen. I well remember the whispers of death and all the other games that were played. They tried to play the same game with that great leader Sir Robert Borden. They are trying to play the same game now with the leader of our party. They tried it before he became premier of Ontario, and then in three elections, which he won. They are trying to play the same game now.

It is all part of their tactics, wise or otherwise. I say that advisedly, without casting any reflection on anyone. I am not going to point out the ones who do it or who have devised the plan, but I do say that their tactics are becoming conspicuous to the public of this country. The respect which we pay

personally to the Prime Minister (Mr. St. Laurent) of this country as leader of your party can be distinguished from the type of respect you pay to the great leader that we have, who I believe will be the next prime minister of this dominion.

On this side we are not at all ashamed, we are not at all disturbed because we know they are simply the old tactics. When the tide turns they will find that they have not worked. The public will then be looking for someone to replace the government who have fallen in spite of themselves. The government is growing weary. It is a government without a policy. It is a government which is carrying on extravagant and wasteful expenditures. It is a government which is trying to carry on five different avenues of expenditure at one time, like a juggler at the circus trying to keep five balls in the air.

The public will consider that it is time for a change. When it is time for a change they will not talk about some of the petty tactics that have been used or about what somebody said eight or ten years ago. They will ask whom they can get to replace the great Prime Minister whom we all respect as a gentleman. It is the same type of campaign that has been used in by-elections and general elections—they say that the Conservative party cannot form a cabinet.

An hon. Member: Hear, hear.

Mr. Rowe: Hear them saying, "hear, hear." God has been good to those wonderful men to your right, but surely he did not place all the ability in this country in the old Grit party. I think the Lord had better judgment than that. I know that that has been said many times before, but I know the people will look for a leader who has outstanding ability, who has unchallenged integrity, who knows where he is going, who is not afraid to fight or to lead. Our leader probably would be more popular if he were more fearful. He would probably be more popular if he told everybody everything they wanted to hear. He would probably be more popular if he would try to enlarge the welfare state and make it bigger than ever.

Mr. Deputy Speaker: I am sorry to interrupt the hon. gentleman, but his time expired at 5.41.

Some hon. Members: Go ahead.

Mr. Deputy Speaker: Has the hon. member unanimous consent?

Some hon. Members: Agreed.

Mr. Fournier (Hull): Go ahead.

Mr. Garson: We want Rowe.

Mr. Abbott: The hon. member was so carried away with his enthusiasm that he lost track of the time.

Mr. Rowe: It was not that, but I did not want to establish any precedent in this house.

An hon. Member: Go ahead.

Mr. Rowe: I appreciate very much the fact that, after what I have said, the Minister of Justice is ready to say, "we want Rowe." I would not join your cabinet even if you did ask me. I must correct the Minister of Finance and tell him that I have not been carried away with my enthusiasm. Apparently they have been so carried away with my logic that the Minister of Justice is saying that he wants to hear more. I am not going to speak about my enthusiasm or logic, but I do want to say that I appreciate the courtesy that has been extended to me to continue. I appreciate the hearing that has been given to me by the few that are here.

An hon. Member: On your own side too.

Mr. Rowe: I want to leave with the Minister of Finance a fair warning of the signs on the horizon. He should urge this government to do what any sound business enterprise must do today, count the cost and expand rather than retard your enterprise. The minister should send out his men to find what can be done to encourage industry to expand. I know that even my hon. friends to my left will agree that the only job security labour can have is by an expanded industrial productivity.

As the Minister of Finance has said, we cannot have that if you continue to tax and tax and tax. The power to tax is the power to destroy and to continue to tax as you are taxing now, while it may not destroy entirely, will retard; and then when times change, as they are changing in many industries, the crushing burden will fall, not only on that industry but on the welfare state. The two per cent will look pretty small with which to pay old age pensions when there is not much from which to take the two per cent. Things will be different when your income is shrinking. The old age pensioner should be aware of those political apostles who for the sake of power, and power alone, are ready to say, "We will give you twice as much again if you will only continue to vote for us." There are only so many shekels in the pot. Do not kill the goose that lays the golden egg because she is not laying as well as she was.

(*Translation*):

Mr. Paul E. Gagnon (Chicoutimi): Mr. Speaker, on April 8, after lengthy and laboured compilations intended to explain the mistakes that he made in the budget estimates, the hon. minister stated that for the sixth consecutive year we have a surplus. Instead, in my opinion, he should have said that for the sixth consecutive year we tax our people more than is necessary. Such great revenue surpluses over expenses as have been piled up in 1951 by this regime, while municipalities and school boards must resort to provincial grants in order to meet their obligations because they are unable to make both ends meet, show clearly and definitely that the central power unfairly appropriates fiscal sources which do not belong to it.

For the government thus to pile up money surpluses when our workers are working their hearts out to make both ends meet is unthinkable, and it was only natural for our people to expect to be relieved of a substantial part of the tax burden.

Alas! the federal government is an ogre and it will relax its grip only to claw more strongly at the Canadian taxpayer. They assume all rights, assume responsibilities beyond their purview only to gain an electoral advantage by extending their paternalism to fields outside their jurisdiction.

Out of every dollar paid in taxes by the Canadian taxpayer 77 cents go into the coffers of the federal treasury. From 1945 to 1951 inclusive, the federal government has collected in taxes the amount of $9,988,624,394 of which $2,810,440,687 came from the province of Quebec.

Out of this amount, $4,810,343,705 were paid as income tax of which $1,212,530,887 were paid by my fellow citizens of Quebec.

It is not surprising, then, that provinces and municipalities, through lack of funds, should be unable to proceed to the development of any material projects which would improve living conditions of the community or make up for shortcomings in the social security program.

The unavowed aim of the Ottawa government is to reduce if it can the provinces to beggary and to bankruptcy, while depriving them of the revenue which they urgently require to achieve the task entrusted to them by the constitution.

In economic life, large corporations do not act differently. They begin by engaging in unbridled competition against their rivals. Having reduced them to indigence or to an extremely perilous position, the large corporations supplant them by absorbing them. Thus we see the strong swallowing the weak. But should not things condemned in economic life also be considered reprehensible in politics and in national life, wonders that distinguished Montreal journalist, Léopold Richer.

Making use of his talents as a juggler, the Minister of Finance attempted to persuade the people that income tax would be lowered by 6 per cent, whereas the load of taxation will actually be heavier in 1952 than in 1951.

I do not like that way of doing things any more than I like the attitude of the Minister of National Revenue who announced as a gift the refunding of income tax to millions of taxpayers who had paid too much during the last fiscal year.

In doing so, the minister is not making gifts to anyone. He is simply refunding to the taxpayer part of the money to which he is entitled, money of which he was unfairly deprived on his pay cheque.

I say part of the money, because the government has had free use of the money for a certain period and refunds it without paying interest, while it demands a high rate of interest from those who owe it anything.

During fifty-two weeks the government takes away too much from the workman, the small wage earner and collects millions of dollars that do not belong to it, but when the time comes to return that money to its rightful owners, it adopts an attitude of liberality.

These are expensive refunds for the country. Considering the staff and the paper work needed in connection with that operation, the delays and the correspondence resulting from it, we find that the refunds made by the government bear heavily upon the population.

The request of the CTCC asking the federal authorities in the memorandum it has submitted this year to set the exemption from income tax at $1,500 for single people and at $3,000 for married people with a reduction of $400 for each child is reasonable and sensible.

Those who govern us must protect the family and allow all those who ensure the continuity of the race and consequently the strength and prosperity of our country to meet the appalling cost of their needs and to fulfil the obligations which they have towards their children. It is a factor which should not have been disregarded and which should be kept in mind while our next budget is being prepared.

The Minister of Finance would be well inspired besides to consider what help should be received by parents who direct their sons and their daughters towards our high schools and our universities where they receive the finishing touch to their education.

Every student who is 21 years old and who has no personal income should be classified as a dependent. But the government exerts more pressure than ever on the unfortunate father at the precise moment when his children's education becomes more expensive; as a result, many gifted and richly talented students are unable to complete their education and cannot enter the career they might otherwise have chosen.

I feel that a tax exemption of $1,000 a year should be granted to any father or benefactor who pays the tuition fees of any student 21 years of age or over who attends a secondary school or a university.

The people nowadays, as they were, unfortunately, from 1939 to 1945 under the Mackenzie King government, are being taxed for war purposes. As was stated by the opposition's financial critic, the hon. member for Greenwood (Mr. Macdonnell), we will be spending, this year, $13,150,000 a day.

Such an orgy of waste is horrible and those who are responsible for it should be censured by the representatives of the people. I cannot vote for people who put the welfare of youth in trenches and who, instead of putting the money of the poor and humble to peaceful uses, spend it on the manufacture of bombs and weapons of destruction.

Spending over $2 billion for the so-called "national" defence is foolish. Money is thrown out the window when, in a twelve-month period, $46 million is spent on travelling expenses, nearly $11 million on telephones and telegrams and $10 million for international advertising purposes.

The huge sums we spend on the United Nations Organization are a total loss.

The part given to Canada, the obligations assumed in its name in the field of external relations are out of proportion with its population. We are going bankrupt for countries that do not want to save themselves.

The people pay the cost of keeping our armies in Asia and Europe.

Our leaders seem to have lost all sense of proportion. They increase taxes on the double and spend the money at an even faster pace.

Our sad adventure in Korea, Mr. Truman's war which was approved by our Prime Minister, has cost our people, up to now, over $100 million not to mention the dead and wounded, and tortures of all kinds.

Our government is neglecting peace and the works of peace for the benefit of warlike ventures.

I cannot approve that policy and shall vote accordingly.

(*Text*):

The house divided on the amendment to the amendment (Mr. Coldwell) which was negatived on the following division:

YEAS

Messrs:

Argue	Herridge
Beyerstein	Higgins
Black (Cumberland)	Jones
Blackmore	Knight
Brooks	Knowles
Browne (St. John's West)	Lennard
Bryce	Low
Casselman	Macdonnell (Greenwood)
Catherwood	McGregor
Charlton	McLure
Churchill	Murphy
Coldwell	Nickle
Diefenbaker	Noseworthy
Drew	Quelch
Fair	Ross (Souris)
Ferguson	Rowe
Gagnon	Shaw
Gillis	Stanfield
Graydon	Tustin
Green	Wright
Harkness	Wylie—42.

NAYS

Messrs:

Abbott	Gibson
Anderson	Goode
Applewhaite	Gour (Russell)
Ashbourne	Gourd (Chapleau)
Balcom	Harris (Grey-Bruce)
Bater	Harrison
Beaudoin	Henry
Boivin	Hetland
Boucher	Huffman
Bradette	Jutras
Bradley	Kickham
Brisson	Kirk (Antigonish-Guysborough)
Brown (Essex West)	Kirk (Digby-Yarmouth)
Byrne	Lafontaine
Cannon	Laing
Carroll	Langlois (Gaspe)
Carter	Larson
Cavers	Leduc
Claxton	Leger
Corry	MacDougall
Darroch	MacKenzie
Decore	MacLean (Cape Breton North and Victoria)
Dewar	MacNaught
Dickey	McCusker
Dumas	McIlraith
Eyre	McIvor
Ferrie	McLean (Huron-Perth)
Fournier (Hull)	McWilliam
Fulford	Martin
Gardiner	Masse
Garland	Mott
Garson	Nixon
Gauthier (Lake St. John)	
George	

Boundary Pipeline Corporation

Parent	Stuart (Charlotte)
Pearson	Valois
Proudfoot	Viau
Prudham	Ward
Robertson	Weaver
Rousseau	Weir
St. Laurent	Welbourn
Simmons	Whitman
Sinclair	Winkler
Sinnott	Winters
Stewart (Yorkton)	Wood—89.
Stick	

Mr. Speaker: I declare the amendment to the amendment lost.

Mr. Johnston: I was paired with the hon. member for Halton (Mr. Cleaver). Had I voted, I would have voted for the amendment to the amendment.

Mr. Speaker: Is the house ready for the question?

Mr. Noseworthy: Mr. Speaker, will you call it six o'clock?

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

BUSINESS OF THE HOUSE

Mr. Deputy Speaker: May I remind the house that there are several bills on the order paper which are to be considered in committee of the whole. Shall I consider all these bills in one motion, or is it the wish of the house to have them considered separately? First of all, there is the bill to incorporate the Boundary Pipeline Corporation; then there is the bill respecting the Royal Canadian Academy of Arts and then divorce bills.

Mr. Green: I would suggest that they be taken separately, Your Honour.

Mr. Deputy Speaker: I am informed that in committee of the whole they will be taken one by one. Once the motion is carried that I leave the chair for the house to resolve itself into committee of the whole these bills will be called by the chairman one by one. Therefore they will be studied separately. It is customary under standing order 110, when several bills are reported from standing committees, for one motion to be made to have them all referred to the committee of the whole, in which case each is studied separately.

PRIVATE BILLS

BOUNDARY PIPELINE CORPORATION

The house in committee on Bill No. 62, to incorporate Boundary Pipeline Corporation—Mr. Larson—Mr. Beaudoin in the chair.

[Mr. Gagnon.]

On section 1—*Incorporation.*

Mr. Nickle: Mr. Chairman, the specific task of the House of Commons at this time is to decide for or against the incorporation of Boundary Pipeline Corporation, whose sponsors are seeking the right to build a natural gas pipe line in southern Alberta as far east as Winnipeg. To arrive at a decision on this particular bill, parliament I believe must first make up its mind on a much broader and far more important issue; that is the issue of a national gas policy, the framework upon which the actual structure of pipe lines may be built and upon which to establish our attitude towards the Boundary Pipeline bill and the many other matters which will, over the years ahead, be a proper concern of parliament.

The purpose of a national gas policy may be summed up in these words: The mating of areas with proved and potential natural gas reserves to the market areas inside and outside Canada, subject to the marriages being economically sound, and the provisos that the matchmaking be planned to bring the maximum possible benefits to the areas of gas reserves, the Canadian gas consumers, and the Canadian economy as a whole. This involves getting gas to as many Canadians as possible.

An effective gas policy will help provide adequate incentives for continuing exploration to increase the nation's proved gas resources; an effective gas policy will also directly and favourably affect the rate of petroleum reserves discovered in Canada, the growth of petro-chemical and other industries based upon the by-products of gas and petroleum, and the growth of other industries within Canada that may use gas as a fuel.

At the present time the only province in Canada with gas reserves big enough to be wedded to outside markets is my home province of Alberta. Like many proud parents, my home province has been reluctant to recognize that its gas progeny are getting big enough and numerous enough to warrant marriage to some outside markets. Recently, however, Alberta approved what might be called the engagement of its Peace river gas reserves to the Pacific coast market. The coming marriage may be expected to set a precedent for others.

Before going on let me mention the great importance of the coal industry to the national economy in both peace and war. In view of the fact that gas export will reduce to some degree markets for Canadian coal in areas now served, and the fact that national interest requires that the coal industry be maintained in a reasonable state of health, the government should take, coincident with

building a gas pipe line, all possible steps to expand marketing areas for Canadian coal, and speed research for new uses of coal.

I recognize the right of provinces producing natural gas to fully protect their own long-term supply from their own resources, and their right to determine the fields or areas from which gas may be exported, based upon surplus of reserves over local needs in such areas and/or the desirability of exporting dry gas in order to obtain valuable by-products contained in the raw or wet gas of certain fields. The Canadian government, however, has the right and the responsibility of determining the disposition of natural gas declared surplus of its own needs by any province. A national gas policy, if it is to serve Canada to the best advantage, must take into account a number of factors. First, it must recognize the right of provinces possessing gas reserves to reap a maximum possible benefit from them, and in so doing in a material degree determine route of pipe lines. Second, it must recognize the national interest which, in some circumstances, will mean supplying all gas to one section of the country rather than to another, or to some section of the United States instead of to some gas-hungry portion of Canada. Thirdly, it must recognize the economic facts of life—the relationships in distance and terrain between gas fields and prospective markets, both in Canada and the United States; the costs of getting, transporting and selling gas; competition with other fuels; the need of incentives to keep finding more gas reserves. Fourthly, it must recognize the political facts of life, which in some degree reshape economy both in Canada and in our neighbour to the south.

In the light of these facts there are certain guiding principles upon which parliament should grant incorporation to companies seeking the right to build interprovincial or international gas pipe lines, and upon which the board of transport commissioners, or some other appropriate body, should recommend to the government the granting of permits for the construction of such lines. Among these principles should be: a sound economic basis to support the pipe line; preference to be given to serving Canadian markets wherever feasible, construction on Canadian soil wherever feasible, of pipe lines between Canadian fields of origin and the most distant market to be served; construction on Canadian soil of a maximum possible mileage of a pipe line, if a portion or all of the gas is to serve a foreign market.

A national gas policy must recognize that export to the United States may be given favourable consideration under certain conditions. For example, there are United States markets essential to the economic operation of pipe lines to certain Canadian markets which are inadequate in themselves to support a pipe line project. We should not bar export in cases where exchange agreements could be made for an equal volume of United States gas to supply Canadian markets far distant from our own fields, provided the exchange is on a long-term basis, guaranteed at a lower cost than the gas from Canadian sources. Nor should we bar United States markets in the near vicinity of Canadian gas fields which, by reason of their location or type, do not economically fit into the Canadian supply picture. Nor should we bar United States markets whose serving with Canadian gas could provide very material Canadian national defence or economic benefits.

Another important phase of the national gas policy should be the ensuring of very material Canadian participation in pipe line projects. It is desirable that a substantial percentage of equity stock and bonds or debentures be made available for purchase by Canadian corporations and investors. Weight should be given to the degree of Canadian financial participation planned when the appropriate authorities consider each pipe line application. Weight should also be given to the extent of participation by pipe line sponsors in the exploration for and development of natural gas resources in Canada. In other words, are they seeking gas for all o part of the proposed pipe line's need?

Of Canada's provinces, only Alberta has the great majority of its urban population served with natural gas, and only Alberta has a growing surplus over and above its own long-term requirements. Its gas reserves are spread over a territory exceeding 120,000 square miles, stretching from the American border into the northern Peace river and Athabaska river regions, and stretching from British Columbia to Saskatchewan. The number of known gas areas in Alberta now exceeds 150, and the number is increasing at the average rate of one new discovery per week.

Northeastern British Columbia, adjoining Alberta's Peace river area to the west, became a promising gas area because of small discoveries a year or two ago. In recent months northeast British Columbia has come through with what looks like a major gas field in the Fort St. John area. This region, now separated from any large markets by hundreds of miles of small population territory, is taking on growing importance in the planning for pipe lines.

Boundary Pipeline Corporation

Southern Saskatchewan, now at the early stages of a great oil and gas exploration program, has provided its first important gas fields in recent months. The largest one, near Brock in western Saskatchewan, is looked upon by the provincial government of that province as the basis for a government-sponsored pipe line to Saskatoon. This gas-hungry province is now regarded as a good prospect for great gas reserves. In coming years, when Saskatchewan communities are provided with local Alberta gas, the wheat province may share in the supply of gas for export markets. Southwest Manitoba, with a couple of small oil discoveries to its credit, to date, is favourably regarded as a prospective important gas source in coming years.

Thus, while today Canada can count only upon Alberta as a major proved area of gas reserves, a long-term national gas policy must take into account the fact that a far broader region of the west has bright prospects. Briefly summarized, it covers most of Alberta, northeastern British Columbia, the south half of Saskatchewan, the southwest corner of Manitoba, plus part of the remote Yukon and Northwest Territories.

Major markets that can be described as being within economic reach, under certain conditions, of this western Canadian gas ocean centred on Alberta include: Alberta itself; the Vancouver region of British Columbia; the larger cities of Saskatchewan and Manitoba; the great population centres of southern Ontario and Quebec; the Seattle-Portland region of the United States; the Spokane-Hanford-Trail triangle of Washington and British Columbia; the industrial market in central Montana, and the Minneapolis-St. Paul region of the midwest United States.

The supplying of these markets would require not one but several pipe lines; backed by proved natural gas reserves more than double those of western Canada today. Meantime, in the United States, North Dakota and eastern Montana have recently emerged as potentially large gas reserve areas; and reserves are continuing to grow in the states of Texas, Oklahoma and Kansas, which are the source of a vast network of major gas pipe lines stretching from the Pacific to the Atlantic in the United States as far north as the Michigan-Ontario border. These American gas reserves could, and may, capture some of the markets now on the list of prospects for western Canada's gas.

As the container of over 90 per cent of western Canada's currently proved gas reserves, Alberta is today the major factor in determining how soon a national gas policy can advance from the planning to the execution stage.

Alberta's Social Credit government believes —as I do—that the best interests of the province will be served by exporting natural gas found in excess of Alberta's long-term requirements. In January, 1951, it passed incentive legislation to encourage the oil industry to speed up its exploration for gas. The results since have been spectacular.

Before tossing some big billion figures at you, let me briefly explain the relationship in heat value between gas and other fuels. Each cubic foot of natural gas has a heating value of about 1,000 B.T.U.'s. Artificial gas—with which many of you are familiar—has only about 500 B.T.U.'s per cubic foot. One ton of good grade coal is equal in heating value to about 20,000 cubic feet of natural gas. One barrel of fuel oil is roughly equal in heating value to 5,000 cubic feet of natural gas. Therefore when I refer to one billion cubic feet of natural gas that is the equivalent in heating value of 50,000 tons of good grade coal or 200,000 barrels of fuel oil.

According to Alberta's petroleum and natural gas conservation board the proved gas reserves as of last December 31 totalled 6,830 billion cubic feet, which is equal to 341 million tons of coal or 1,366 million barrels of fuel oil. That figure incidentally is 127 times Alberta's own gas consumption of last year.

During last year crude gas reserves increased more than 40 per cent, climbing by 2,100 billion cubic feet, equal to 105 million tons of coal or 420 million barrels of fuel oil. The year's increase in proved gas reserves was 39 times greater than Alberta's gas consumption for last year. New gas discoveries were made at a rate higher than one per week. The conservation board states in its recent report to the Alberta government that Alberta can now safely anticipate the development of further established gas reserves at an average rate of at least 1,000 billion cubic feet per year for almost the next eight to ten years.

Let me add that the board's estimate of reserves as at the beginning of 1952 does not include any estimate whatsoever for a substantial number of discoveries made in the final months of last year nor does it include any estimate for the discoveries made so far this year. The discovery rate is still better than one per week. The board's estimate of Alberta gas reserves now on hand and its estimate of reserves to be found in coming years can pretty safely be said to be conservative.

The government has ruled that a 30-year supply for Alberta is far enough ahead to permit reserves of gas for provincial use. The conservation board after very extended hearing of evidence from interested parties, including utility companies which are vitally concerned with a long-term guaranteed supply for their own Alberta needs, has come up with the 30-year need figure which has given full allowance for the expansion of Alberta's population and industry. That figure is 4,127 billion cubic feet, which is equal to 77 years' supply at Alberta's 1951 consumption rate of 53·6 billion cubic feet.

However, over the next thirty years the conservation board reckons that the actual average annual consumption will be 137 billion cubic feet or about 2½ times greater than last year's need. Apparently a good safety margin is provided to make doubly sure that Alberta will not run short.

About 5,000 billion cubic feet would support for twenty years two major gas export pipe lines from Alberta, such as the largest of the several pipe lines now projected westward and eastward from my home province. By last December 31 Alberta had 2,700 billion cubic feet of gas proved in excess of the board's estimate of the 30-year need. Add to that the Alberta reserves since proved and the beginning of reserves in northeastern British Columbia and Saskatchewan and it is safe to say that the west now has on tap some 70 per cent of the gas needed for two major export pipe lines. If the 1952 reserve growth equals 1951, the west will have proved gas for major export in both directions within a year. There is every reason to expect that reserves will continue to build up over the years to come, permitting further expansion of export facilities.

There are many shades of widely varying opinion in Alberta regarding gas export. Many oppose the export of gas, fearing that such export might leave Alberta short of gas for its own needs. The answer to that is simply that Alberta has only scratched the surface of its potential gas resources in the opinion of geological and engineering authorities. The best way to discover more is to provide explorers with incentives. An expanding list of gas fields shut in for lack of markets is the very opposite to incentives.

Some say that all the gas should be kept in Alberta in order to force industry to come to that province in search of low-cost fuel. The answer to that argument is simply that to the extent that industries locate because of fuel costs, Alberta will continue to attract them despite gas export. Gas in Alberta will cost just a fraction of what it will cost in cities to which we might export this resource.

Actually gas exports will bring Alberta a measure of industrial growth and enrichment dwarfing the nebulous benefits accruing from a "keep the gas in Alberta" policy. With export of its gas surplus, Alberta will still draw industries that need Canada's lowest cost fuel, and will in addition have the great industries of the petro-chemical field based upon the by-products of raw gas, plus a still further expanded petroleum industry. Not the least of the benefits would be the government's royalties and fees from gas and by-products on crown lands connected to export markets.

Bear in mind that a number of Alberta's larger gas fields, now shut in for lack of market, contain wet or sour gas, that is, gas laden with sulphur, propane, butane, natural gasoline and condensate. Notable among these are the huge Pincher Creek field in the southwest corner of the province, and the recent Olds and Okotoks discoveries near Calgary. The rich by-products exceed the residue gas in value and can provide the basis for large petro-chemical industries once markets for the residue dry gas are made available.

Let us look briefly at Pincher Creek. This field must be produced at a year-round, steady flow of between 150 and 200 million cubic feet daily in order to justify heavy investment in by-products plants and development, and to obtain the maximum benefits for Alberta and Canada. No residue gas market of that size can be obtained in Alberta for at least 15 years, and so the field must be fitted into an export plan.

When that is done, Pincher would provide residue gas totalling some 1,920 billion cubic feet, about 80 per cent of the needs for an economic major export pipe line. That gas, at well-head value of 11 cents per MCF, would bring in a gross $211 million. Before the dry gas could be transported by pipe line, its by-products would have to be extracted. These by-products at present well-head value would bring in $351 million or five-eighths of the total value of the field's content.

These by-products would include 7,400,000 long tons of sulphur, worth $163 million at $22 per ton; 38,400,000 barrels of condensate or light oil; 9,800,000 barrels of natural gasoline; 12,700,000 barrels of propane, and 10,400,000 barrels of butane.

Pincher's sulphur production under full-scale operation of the field would equal about one-half of all Canada's current consumption of this product, and could displace over 80 per cent of Canada's current sulphur imports.

Much of Pincher's sulphur would be used in chemical manufacturing for a variety of Canadian needs. The butane would form one of the bases for a large chemical industry. Like the refinery gases obtained from the cracking of crude oil, butane contains constituents from which rubber, nylon, alcohols, plastics and other petro-chemicals can be manufactured. The condensate, oil and natural gasoline, could in whole or in part be fed into the stream of crude products to western Canadian oil refineries, blending with other Alberta oils for production of a wide range of high quality refined products. Chemical manufacture from these products is also a good prospect.

The propane production of Pincher would be adequate to supply for twenty years over 66,000 farms with low cost convenient fuel for cooking, heating, refrigeration and tractor operation. Propane could also be used for chemical manufacture. It should be remembered that the great bulk of farm and rural homes in Alberta and other prairie provinces can never be economically served with natural gas because of the high capital cost of transport and distribution pipe lines. Their best bet for low cost fuel, equal in convenience to gas, is propane put up in pressure tanks for home use. That propane can come from Alberta's wet gas fields once the residue gas can be marketed.

The Pincher Creek field alone could bring to southern Alberta capital expenditure greatly exceeding $100 million, including drilling of additional wells, the construction of a gasoline plant and a sulphur plant, railway facilities, and the construction of up to three petro-chemical plants plus subsidiary plants to turn some of the chemicals into products of various types. Other idle Alberta wet gas fields, while individually not as large as Pincher Creek, could also bring industrial developments through their by-products once the residue dry gas can be marketed. Many of our fields of course are dry gas fields containing little or no usable by-products. Their raw gas is suitable as fuel for local or export markets, and of course has tremendous value for Alberta and Canada.

I mentioned earlier that Alberta's government favours gas export. So far its steps toward the allocation of gas for export have been taken with extreme caution and with reservations, but recent statements by Alberta mines minister, N. E. Tanner, would indicate that longer, less cautious steps are in the offing. My own stand as an Albertan is that my province should now recognize the realities of gas reserve growth, the benefits to Alberta and Canada from major export and the danger of losing markets through continuing delay, and should adopt a bold progressive policy on gas export, boldly executed.

The major opponent to a bold gas export plan, or even to a plan of limited export, is the Liberal party of Alberta. The Alberta Liberal leader, Mr. Harper Prowse, has placed his party solidly against any export of gas. He recently declared that export of gas would go down in history as "the great betrayal of the people of Alberta." Of that statement let me say that if a great betrayal of Alberta is being perpetrated it is being done by those in public life who play on prejudices and misinformation for petty political advantage, and who refuse to weigh the facts upon which their guidance of public opinion should properly be based. To me, gas fields are like all other resources of Alberta: grain, cattle, coal, oil and others. They can only bring benefits to Alberta and Canada if put to use. Our agricultural industry has grown to its present greatness because of our active and successful efforts to gain markets for our surplus beyond the borders of Alberta. Our oil industry is now reaching a state of greatness because of the successful drive for markets beyond the province. The same is true of all others among our present major industries. Why should we put gas in any different category?

Despite the Alberta Liberal party, I believe that the sound-thinking great majority of Albertans will support the broadened use of Alberta gas for the benefit of that province and Canada under the terms of the national gas policy I have outlined today. I believe also that Canadians generally will support this policy.

Let me now get down to the specifics of gas markets and pipe line plans. The Alberta government has recently authorized Westcoast Transmission Company to export gas from the Peace river area of northwest Alberta, and has in effect informed Canada that the first major gas pipe line should serve the Pacific coast market. This project is economically sound only if the United States coast markets, covering Seattle, Portland and other smaller communities, can be served in addition to the markets of Vancouver and smaller British Columbia mainland cities. In fact only about 20 per cent of the planned market is in British Columbia and around 80 per cent in the United States. Five years after completion of the line anticipated annual demand would be 56 billion cubic feet, about 12 billion in British Columbia and 44 billion in the United States. Expressed another way, Vancouver's only hope for gas is dependent upon Canada's

willingness to allow the bulk of the pipe line throughput to go into the United States, and upon the willingness of the United States to accept Canadian gas in lieu of building a line in from their own Texas fields.

Westcoast's pipe line would draw gas from a territory covering several thousand square miles, including the Peace river region of both Alberta and British Columbia. A number of Peace river area towns will be able to get gas because of the construction of Westcoast's extensive gathering system connecting the numerous gas fields in that region. The region itself offers no major market for gas, and its gas would not be competitive in the markets of south and central Alberta, or in pipe line systems reaching eastward from that province. The opening of a gas market along the Pacific coast will very materially increase incentives for both gas and oil exploration in the whole Peace river region, with attendant benefits for British Columbia and Alberta.

The Progressive Conservative members of this house are fully in support of this plan to get gas to British Columbia and the United States Pacific coast. We recognize, however, that there are still major obstacles in the way before the plan can be carried out. The first of these is proof of availability of adequate gas reserves to support the pipe line. The Alberta government has granted an export permit to Westcoast for a term of twenty-two years, but that permit has only allocated gas in specified volume for the first five years. The volume is 42 billion cubic feet yearly, or a total of 210 billion cubic feet. The volume and term of years will not support the proposed $100 million pipe line project. Alberta should clearly state now that it will dedicate adequate present and future Peace river area gas reserves, in excess of local thirty-year needs, to the coast pipe line. British Columbia should also make clear that it will allow British Columbia gas to enter the United States. Such statements, coupled with engineering evidence of proof of adequate proved and probable reserves in both the Alberta and British Columbia sectors of Peace river, would justify the board of transport commissioners granting a permit for construction of the pipe line.

The next hurdle would be securing of a permit from the United States federal power commission for construction of an affiliated pipe line from the Canadian border to the United States markets. There will be opposition from sponsors of a proposed pipe line from Texas to the Pacific northwest. The main question will be whether the Portland-Seattle region will accept lower cost gas from Canadian sources, or higher priced gas from Texas which potentially could offer greater security of supply. That question is worth remembering when we consider gas supply for eastern Canada. When and if it gets the Canadian and United States permits, Westcoast's final steps would be securing of steel and finances for construction of the pipe line and the actual building of the line. The marriage of gas reserves to markets could be consummated in some two years, provided the present obstacles are eliminated without undue delay.

Let us now look eastward from Alberta, and consider how Alberta and Saskatchewan gas resources might best be matched with markets to ensure that the eastern prairie provinces, Ontario and Quebec, can gain the benefits of natural gas supply. The two major proposals are (1) Trans-Canada Pipe Lines Limited, which would construct a 30-inch diameter line from Alberta, across southern Saskatchewan and Manitoba, thence across the north side of the great lakes, and down to the principal communities of Ontario and Quebec as far east as Montreal; and (2) Western Pipe Lines Limited, which would build a 24-inch line from southern Alberta as far east as Winnipeg, and thence south to the large market area centred on Minneapolis and St. Paul. The western project would require an exchange agreement whereby American gas would reach the Ontario and Quebec market.

The Trans-Canada project is the most ambitious yet conceived for Canada. It would involve around 750 miles of gas gathering lines connecting some 34 fields in south and central Alberta, plus about 2,250 miles of main line transport system, and 270 miles of lateral lines connecting the system to some 71 cities and towns in four Canadian provinces. Construction cost would exceed $250,000,000. Initially the system could handle an average of 346,000,000 cubic feet of gas daily, but could be increased to 515,000,000 cubic feet daily at fairly small additional cost. Initially it would serve a Canadian population of 3,600,000, about one-quarter of the nation's total, located adjacent to the pipe line route between Alberta and Montreal. If gas supplies and economics warrant, it could later on extend services to more than a million additional Canadians in southern Ontario, and along the St. Lawrence east of Montreal as far as Quebec. Market studies by the backers of the project indicate that first year sales of gas might be around 86 million cubic feet, building up to 115 billion by the fifth year. Within 15 years, if gas is available, the Trans-Canada line could be putting through over 200 billion cubic feet annually.

Boundary Pipeline Corporation

Western Pipe Lines Limited would build a line having, by its fifth year, an indicated market of some 70 billion cubic feet yearly, and increasing thereafter. Of that total about 15½ billion—or 22 per cent—would service southern Saskatchewan and Manitoba cities as far east as Winnipeg. The other 55 billion cubic feet, or some 78 per cent of the total, would be delivered at the American border south of Winnipeg to Northern Natural Gas Company, for use in the Minneapolis-St. Paul area. A contract has already been signed between Western and Northern for a year-round steady supply of about 150,000,000 cubic feet daily, this being subject of course to Western getting the right to construct a pipe line from Alberta. Northern is a United States firm already operating large scale gas transport and distributing pipe lines from the mid-continent United States as far north as Minneapolis. Western's plan is economically sound only if it gets the large United States outlet in addition to the market of the Canadian prairies, according to sponsors of the company.

There is a third proposal for a pipe line eastward from Alberta—that of Boundary Pipeline Corporation, whose bill for incorporation is now before this house. Its sponsors propose a 16-inch diameter pipe line from southeastern Alberta to Winnipeg, a much smaller scale project than either Trans-Canada or Western. I am opposed to the bill on several grounds. The Boundary pipe line project is condemned by its limited size, the very fact which its sponsors have presented as its virtue. Even if a small size pipe line from Alberta to Winnipeg were an economic project—which I question—the proposition falls far short of meeting Canada's best interest because:

First, it would open up only a limited market for the rapidly growing gas reserves of the west. It would not, for example, open a market of sufficient volume to allow the Pincher Creek field and its by-product industries to develop on an economic basis. Small scale export eastward would not meet the increasingly urgent market need for Pincher and the host of other south and central Alberta gas fields.

Secondly, the Boundary project would penalize consumers of Saskatchewan and Manitoba. A small scale line would have to sell gas at substantially higher prices than would a major project.

Thirdly, acceptance of the Boundary project could delay, perhaps for years, the securing of gas in large volume for Ontario and Quebec, either by direct pipe line from the west, or by gas exchange with the United States.

[Mr. Nickle.]

I question whether a line built to serve the cities and towns of southern Saskatchewan and Manitoba would be economic. In other words, I doubt whether it could serve a large enough market, or deliver gas at a low enough price to compete with other fuels, to obtain adequate revenue to recover its cost.

Eliminating Boundary, we would have two projects to choose between, both of large size that would open major markets for Alberta gas, and would deliver gas to southern Saskatchewan and Manitoba at lower cost than would a limited project like that proposed by Boundary. Which would best guarantee gas supplies to Ontario and Quebec, and bring the broadest benefit to Canada? The answer is not quite as simple as it might appear at first glance.

The all-Canadian route proposed by Trans-Canada Pipe Lines offers as its advantages: a major construction project all within the country; the only economic means of delivering gas to Canada's lakehead cities, and the potential mining and pulp and paper markets north of the great lakes; and possibly greater security of gas supply for the mass markets of southern Ontario and Quebec. The disadvantage of the Trans-Canada project is that the cost of gas to consumers in southern Ontario and Quebec would be somewhat higher than cost of gas that might reach these markets from the United States. These higher costs would stem from the comparatively limited markets en route to eastern Canada, the long distance, and the nature of terrain and climate that would make construction and operating costs higher than for a line from the mid-continent United States.

That brings us to the question: Can a supply of gas be obtained from the United States? Unless a long-term firm gas exchange can be worked out, it would be better for eastern Canada to have a guaranteed supply of gas from Alberta at higher cost than to have lower priced gas from the United States but no guarantee of continued supply.

Much has been said about gas exchange in recent years, and is continuing to be said, in the United States and Canada by sponsors of pipe lines and distributors of gas. I do not recall, however, any statements on this matter made by the governments of the two countries. There is a pressing need for a decision on this at government level, because within a comparatively short time Canada will likely have to choose between a Winnipeg-Minneapolis and an all-Canada pipe line eastward from Alberta. There are also the facts that: (1) Alberta and Canada have already authorized, and have started, export of 10 billion cubic feet of gas yearly to

defence industries in Montana; (2) southern Ontario gas distributors are again seeking even short-term supplies of United States gas for their increasingly urgent needs; (3) in order to give Vancouver gas, Canada is seeking the right to export large volumes of gas to the United States Pacific northwest; and (4) the United States apparently desires Alberta gas for its atomic energy installations in Washington and Idaho.

In the light of these several facts, and in order that a sound national gas policy might be evolved, I suggest to the government that it immediately initiate negotiations with the government of the United States to determine whether or not a large-scale, long-term firm agreement is feasible for exchange of natural gas.

May I further suggest that, in order to facilitate the execution of a sound national gas policy, the government should immediately instruct Dr. George S. Hume and Alexis Ignatieff, geological survey of Canada authorities on our natural gas, to make a detailed re-survey of gas reserves, proved, probable and possible. Such a survey could probably be completed in three to four months. It would supplement the excellent, detailed reports on Alberta gas reserves, as of last December 31, prepared by the Alberta petroleum and natural gas conservation board. The Hume-Ignatieff re-survey should cover, in addition to Alberta, the known and potential gas resources of northeast British Columbia, the Yukon and Northwest Territories, Saskatchewan and Manitoba. Such a survey should be supplemented from time to time by revisions based on new gas discoveries, and further evaluation of fields already discovered. Such information would be of tremendous value in shaping the specific detail and carrying out of a national gas policy.

Mr. Herridge: Once again, Mr. Chairman, we find this house giving consideration to a bill which would provide a charter for another company that wishes to build a pipe line in Canada. Before proceeding I must say that I was greatly interested in noting with what intent interest the members on the government side of the house listened to the hon. member for Calgary West when he was speaking just before I rose. At this point I might say that I think the committee is most fortunate to have a member who is as well informed as is the hon. member for Calgary West on the technical aspects of natural gas transportation and marketing.

This bill, Mr. Chairman, is entitled "An act to incorporate Boundary Pipeline Corporation". Why are we getting this succession of bills to incorporate pipe line companies during the last two or three years? Why such interest in the transportation of Canadian natural gas? Why, on occasion, repeatedly in the committee and sometimes in the house, is there a suggestion that there is great haste to get the bills passed and to let the companies get the charters? I just want to read briefly from a report that I have here in my hand. I might say that one of the major witnesses for this company, when asked what the purpose of the company was, said that they were anxious to give service to the people of Alberta, Saskatchewan and Manitoba. I do not question the fact that if the pipe line were built they would give service in this respect to these people. But that is not their prime motive. Their prime motive is to be found in the fact that it is a profitable investment to get a charter to build a pipe line in Canada. I am not questioning the motive; it is a legitimate one as things are today. We must, however, realize that this American capital is being attracted to Canada because there are opportunities to make good profits—and guaranteed profits—in a public utility of this type.

I have in my hand the 27th annual report to the shareholders, 1951, of the International Utilities Corporation. I will just read two or three short paragraphs to indicate what valuable things these charters are and for which provision is made when the House of Commons passes a bill that gives a company the right to build a pipe line. Reading from page 3 of the report I find the following:

> The past year was marked by many developments favourable to the long range outlook for our corporation and its subsidiaries in Alberta, Canada . . . The business of the subsidiaries for the year 1951 was again at record levels. Gross operating revenues increased nearly 16 per cent, $14,221,000. Despite substantially higher income taxes—

I presume the Minister of Finance hears that.

> —increased allowances for depreciation and higher operating costs, consolidated net income reached $1,700,000, an increase of $210,000 over 1950. In addition, net profit on the sale of investment securities amounted to $263,000.

Then again:

> Consolidated net income was equal to $2.07 per share, exclusive of investment profits, and $2.39 per share, including investment profits, based on the average number of shares outstanding. This compares with $1.90 per share reported in 1950. Computed on the shares outstanding at the year-end, consolidated net income was equal to $1.80 per share excluding investment profits, and $2.08 per share including such profits.

We in this group, Mr. Chairman, have continually advocated and suggested that these private carriers of oil and gas should be publicly owned. We believe that the main transmission lines used for the transporting of oil and natural gas in this country should

be nationally owned, and that those nationally owned lines would sell the gas to the various companies concerned—and the same with oil —or would charge a fee for the transmission of gas or oil for the various companies using this service. If we had social ownership of the means of transportation through pipe lines of oil and natural gas in Canada today, I believe we would not have this unplanned competition for charters. We would not have applications being made for charters over the same route, or this duplication of charters, or this possibility to secure charters through the House of Commons and to sell them without building a foot of pipe line because of the right vested in the charter. In our opinion—that is, in the opinion of this group—if we had socially-owned pipe lines for the transmission of oil and gas in Canada we could plan the distribution of Canadian oil and Canadian gas in a proper and efficient manner, at possibly a lower cost to the consumer, without the duplication and the competition and, shall I say, the lack of planning that exists at the present time when company after company makes application for a charter over the same route, and sometimes conflicting with the legitimate interests of another company and so on.

I see that it is now nine o'clock, Mr. Chairman, and I should like to move that progress be reported.

Section stands.

Progress reported.

Mr. Deputy Speaker: The hour for private and public bills having expired, the house will now resume the business which was under consideration at six o'clock.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed consideration of the motion of Hon. Douglas Abbott (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Macdonnell (Greenwood).

Mr. J. W. Noseworthy (York South): Mr. Speaker, in an earlier speech in this debate I dealt with several features of the budget itself. Tonight I want to discuss housing. That is a phase of our economy for which the budget makes no provisions commensurate with the need existing today. The housing problem is today, as it has been for several years, our No. 1 domestic problem. With the single exception of national defence, there is no subject before this house that is of more vital importance to greater numbers of people than is that of housing. The need is growing greater year by year. There are more than twice as many Canadians today without homes as there were in 1939. In that year the shortage was estimated at 225,000. Today the shortage of houses is officially estimated at anywhere from 500,000 to 700,000. Only a few days ago the mayor of Windsor reported that more than 4,000 families in that city were not properly housed. At the same time we heard the mayor of Ottawa claiming that 4,000 families in this city were living in shelters that were below provincial housing standards. The Winnipeg city council special housing committee is reported in the Winnipeg *Free Press* of January 12 as saying that in that city today there is a permanent population of inadequately housed people. Since 1946 that city's housing committee has received 8,634 new applicants. The reapplications over these years total well over 20,000, indicating that there are in that city many thousands who have been without homes for the last five or six years. A considerable number of applicants, the report states, are living in one-room slum dwellings with three or more children. Seven families, the report states, at the No. 3 wireless project are living in four rooms with seven or more children.

I had the occasion some months ago to visit the city of Brantford, the city that is represented by our highly esteemed Speaker in this house. That city is very prosperous, and in many respects a very beautiful industrial city. It is surrounded by some of the finest countryside we have in the province of Ontario. Yet here, out on the dilapidated airport just outside the city, hundreds of citizens with their families were crowded into what had once been barracks and other buildings used by the air force, crowded into small apartments with nothing but beaverboard partitions between them. The partitions were so thin that every sound that was made in one apartment could be heard through the walls in the other. There was no privacy. There were no playing fields for the children. When the soldiers occupied these buildings during world war II there was a well-kept playing field. There was a recreation centre; there was a swimming pool. When Brantford is obliged to use that as emergency shelter for the citizens there are no playing fields for the children. I saw puddles of water knee-deep out in front of some of the shelters. There was not a blade of grass to be seen anywhere there in midsummer. There was no swimming pool. The children were playing around the cement remains of what had once been a swimming pool for the air force. The conditions in Brantford could be duplicated in most of our larger cities and suburbs.

Anyone who has driven along No. 2 highway west of Toronto, through Mimico, through Long Branch, and has seen the trailer camps and has seen the emergency shelters out at Long Branch, will know that the conditions in Brantford, in Winnipeg and in Ottawa are duplicated in Toronto and elsewhere. Mr. McClaskey, regional supervisor for Ontario of the Central Mortgage and Housing Corporation, told the Ontario association of real estate boards at Niagara Falls on February 19 that in his personal opinion Ontario alone needed today 450,000 housing units. Premier Frost stated in the Ontario legislature that for a number of years the province of Ontario will need 40,000 to 50,000 new homes each year if we are to begin to catch up with the demand for family accommodation. Mr. Earle Sheppard, president of the Ontario association of architects, stated to the council of that association, as reported in the *Daily Commercial News* for February 18, that the failure of house building to keep pace with industrial growth in Ontario was prejudicing the future of defence production. The value of contracts, awarded for factory construction, showed an increase last year over 1950 of 250 per cent, while the value of home building contracts showed a decline of 7 per cent.

He went on to say, according to the report:

> It was absurd to concentrate on industrial construction and neglect the provision of housing for workers. Mr. Sheppard asked how can we get volume production of defence and other essential items if there are no places or only inadequate places for people to live? Every month hundreds of families move to or are formed in our great industrial centres. The time wasted in searching for accommodation and the worry caused by living in cramped unhealthy quarters result in reduced productivity. The housing shortage has plagued us ever since the end of the war, he said, and there is no sign of a concerted effort to solve it.

The *Canadian Builder* for March, 1952, has this to say in an editorial:

> Never has Canada's need for new housing units been so pressing as in 1951. There were about 150,000 marriages during 1951. Immigration stood at the highest point since before world war I, probably including 35,000 family units among the 170,000 newcomers. Natural increase of births over deaths was about 250,000.
>
> This would seem to indicate that we could have done with at least 150,000 new family dwelling units last year. However, actual completions, according to dominion bureau of statistics figures were only in the nature of 80,000; starts were about 70,000; while total under construction at December 31 stood at around 50,000.

We have no right, Mr. Speaker, when we are today spending $2 billion to protect our way of life, to force tens of thousands of children, who will be our future citizens and probably soldiers in a future war or wars, to live in such ramshackle slums as they are living in today. I wish some of the cities and boards of trade who invite members of parliament to visit their cities and large industrial concerns would take some of the cabinet ministers and some members of parliament through the emergency shelters in those cities and suburbs. I wish the Minister of National Health and Welfare (Mr. Martin) could be taken on some of those trips. I am sure that the minister, full as he is of the milk of human kindness, once he became aware of the situation, would never sit idly by and see that situation grow worse from year to year. He must know that a few millions spent now on good housing would save his department many millions by way of medical bills and hospital bills in years to come.

Mr. Sheppard said, in his report, that there is no concerted effort being made today to solve our housing problem. For six years since the war, now nearly seven years, governments at three levels in this country have all been playing a pass-the-buck game with our housing problem. They are still unable to reach any sort of agreement on the division of costs for building within the municipalities.

Housing has now become a national problem, a problem of grave national concern to provincial and municipal governments as well as to the federal government. One reason why there has been no concerted effort is that this Liberal government just cannot make up its mind where it is going, so far as housing is concerned. It cannot make up its mind whether it is getting into the housing business, or getting out of it.

The Prime Minister (Mr. St. Laurent) does not want the government to go into the landlord business, nor does he want it to go into the business of building subsidized low-rental housing. The explanation the Prime Minister gave the Trades and Labour Congress a few weeks ago was a unique one, one that is rather difficult to understand. According to press reports, the reason he gave is that there could not be enough of this type of housing to go round, and he said he did not like to see a system whereby any government or any political machine would have the selection of those who were to get houses.

It is rather difficult to follow the Prime Minister, or to understand what he means. Does he fear that eventually his successor to the leadership of the Liberal party will not be able to control political patronage within the party as well as he controls it at the present time? Or does he foresee a day when possibly some other party may come into power, and will be subjected to the lures of political patronage, more than is the Liberal government? What I suspect was his meaning is that today political patronage

has become such an integral part of Liberal practice that the Prime Minister just cannot visualize a government housing authority that would select applicants for low-rental housing on any basis other than that of political patronage.

Even if we accept the Prime Minister's implied confession as genuine and realistic, and not an excuse for the government to keep out of subsidized low-rental housing, I would point out that the selection of tenants on the basis of political patronage could not be much worse than the system prevailing across this country today in connection with the allotting of government contracts and the appointment of government employees in connection with anything that comes under the authority of the government.

Under such a system, even with Liberal political patronage applied to the selection of houses, at least Liberals would get those houses. Probably they would get the new ones, and there would be some old ones left for the Conservatives and the C.C.F.'ers. Even that would be an improvement upon the present system.

Incidentally the Prime Minister is in excellent Liberal company when he takes this position regarding subsidized houses. In the latter part of March the Toronto metropolitan house builders association sent out what the press called a "ringing challenge" to all the speculating and contracting house builders in the greater Toronto area to get together and "to do something quick" to forestall the passage of proposed provincial legislation which would enlarge present assistance to subsidized rental housing. The national home builders association, according to the press statement, sent out a similar call to the Canadian Chamber of Commerce, to the Canadian Manufacturers Association, to the Canadian Association of Real Estate Boards and to the Ontario Property Owners Association to oppose provincial legislation that could promote subsidized rental housing.

These are the people who agree with the Prime Minister when he says we do not want low-rental subsidized housing. Those of us who support subsidized low-rental housing also have some fairly respectable friends. Our friends may not be as affluent as those who support the Prime Minister, but nevertheless they are good and substantial citizens. For example we have the president of the government housing authority, Central Mortgage and Housing Corporation.

Mr. Mansur, in his address to the Winnipeg convention of the national home builders association, is reported in the daily press to have said that there is a definite need for public rental housing in Canada. Then, the labour congresses in Canada have supported public rental housing for years—and I include the Trades and Labour Congress and the Canadian Congress of Labour. In the briefs they presented to the government on March 26 and 27 both these organizations advocated subsidized low-rental housing as at least a partial answer to our housing problem.

A conference was called in Toronto early in March by the Ontario command (housing committee) of the Canadian Legion. It was comprised of representatives of welfare agencies, churches, labour and the construction industry. That conference passed a resolution proposing that the federal government pay subsidies to promote house building. Rev. W. W. Judd, general secretary of the council of social services for the Church of England, said at that conference:

> The time has come when a further degree of subsidization is necessary. Housing is a social problem, not an individual one, it is the responsibility of the whole community.

In 1947 the Canadian Council of Churches took up the question of housing. This council is composed of all the Protestant churches in Canada and the following resolution was passed at that time:

> The Canadian Council of Churches, believing that bad housing conditions are detrimental to healthy personal, moral and social life, and that public assistance is necessary to finance the building of homes for families with low incomes, urges the federal government to institute a national low rental housing program which will provide decent housing for low income families at rents they can afford to pay.

That was in 1947. At their annual meeting in Montreal in November, 1951, they passed the following resolution:

> In the name of Christ, and for the sake of the health and morale of our people, we urge upon all levels of Canadian government, federal, provincial and municipal, the necessity and urgency of providing decent housing for people earning moderate or low wages and salaries, through an effective public housing program which will produce low cost and low rental dwelling units.

What is clear is that real estate boards and associations of speculative builders all support the position taken by the Prime Minister regarding subsidized housing. Trade unions, the Canadian Legion, the Canadian Council of Churches and responsible municipal and other officials concerned with housing do not support the government's reluctance to provide low rental housing. On one occasion the Prime Minister is reported to have said that he did not want the government to become a landlord for a great number of citizens. The real estate boards and associations of speculative builders, along with the Prime Minister I presume, think that such a course would be socialism. I submit that

whether that be socialism or not, this government is already in the landlord business of necessity and against the wishes of the Prime Minister.

In 1951 the federal government was renting, mostly to second world war veterans, close to 25,000 houses. In that year they collected rentals amounting to $13,200,000. The government has found the rental business fairly prosperous. Of that 25,000 houses there were only 21 rental accounts more than three months in arrears and the total arrears amounted to only $413.

The reluctance of the Prime Minister and the government to go into the landlord business in compliance with the wishes of the real estate boards has had the effect of reducing the number of houses it has for rent. Last year, even with the 25,000 houses it has for rent, there were 14,000 fewer houses than in 1951. The government's policy of selling wartime houses which has been going on for a number of years, while not reducing the actual number of houses available, has made it increasingly difficult for many veterans who formerly occupied these houses to find accommodation.

I said that there has been no concerted action on the part of governments at the different levels, on the one hand, and on the part of the lending institutions, on the other. This is chiefly because the government does not know where it is going in the matter of housing. The government is torn between its allegiance to real estate boards, speculative builders, lending institutions, private enterprise and those who want to continue to build for the upper third income group, on the one hand, and the hundreds of thousands of those in the lower income brackets who six years after the war are still without housing.

The present situation constitutes a national emergency which is getting worse. Fewer houses were built in 1951 than in 1950. There is every indication that without some drastic change in government policy there will be fewer houses built in 1952 than there were in 1951. New housing starts to date are only 55 per cent of the 1950-51 level. The carry-over on January 1, 1952, was only 46,000 as compared with 60,000 on January 1, 1951. The houses that are being built are being built for sale and for those in the upper third income group only.

Mr. Hignett, the regional supervisor of Central Mortgage and Housing Corporation, is reported in the Winnipeg *Tribune* of April 12 as saying that $3,300 is the minimum annual income required to maintain the payments on the lowest price houses being built in Canadian cities today, that is, four-roomed bungalows costing $8,500 with a monthly carrying charge of $63.50. He points out that only those in the upper third income group today can afford to buy such houses. Today Central Mortgage and Housing Corporation is serving only the upper third income group.

The condition is daily becoming worse. Building costs have increased 125 per cent since 1939, and during the same period wages increased 93 per cent. That is not all. Dr. Firestone of the Department of Trade and Commerce forecasts that building costs will advance another 20 per cent by 1955. This means that an increase of $10 in the monthly carrying charges will shut out of the home buying market all those with annual incomes below $3,500. It will shut off from assistance from Central Mortgage and Housing Corporation those with incomes less than that amount. Any change which will reduce the monthly carrying charge by $10 will, on the other hand, bring many thousands back into the home purchasing field.

It is sometimes argued that the building of houses for those in the higher income groups provides vacant older houses which those in the lower income groups can move into. Apart altogether from the social stigma that would result from forcing those in the lower income groups into old houses, and even old houses would be better than none, there are a number of other factors. Old houses, like new houses, have greatly increased in price. Down payments on these houses are usually large and interest rates are usually high. There is no assistance provided by Central Mortgage and Housing Corporation in the purchase of old houses. All these factors add up to a very grave situation for the houseless low wage earner.

I have said that housing is a social problem. If the hundreds of thousands living in cellars and garrets, in slums, trailers, emergency shelters and emergency makeshifts for houses are to be properly housed, we must adopt public policies that are not normally associated with an economically operated business activity. In other words, houses must be built and sold or rented at prices that bear some relation to the occupant's income regardless of whether or not that price will bring dividends in dollars and cents on the capital invested. There are values that accrue to a society of happy and contentedly housed people that can never be measured in dollars and cents. For one thing, a happy and contentedly housed people are one of our greatest offensive weapons against communism. I want to quote again what the Canadian Council of Churches has to say on this subject. On page 2 of their report there is the following:

> Experience proves that emotional strains imposed on the crowded family group, major and minor delinquent behaviour among children when they stay away from home because of its discomforts,

undermining of health through unsanitary housing conditions, and marriages delayed or dangerously strained by doubling up as a result of the housing shortage, all these produce conditions which are harmful to healthy personal and social life. The churches are convinced that the present housing shortage in Canada is one of the greatest single factors in contributing to shattered homes and families, and that the toll of broken homes and separated families will continue to mount unless immediate steps are taken to solve the low wage earner's housing problem.

Judge Allan Fraser of the Ottawa juvenile court claims that the housing shortage is "the greatest single factor" contributing to the breakdown in Canadian family life. In an address before the Ottawa Optimist Club, Judge Fraser said that he knew personally of housing conditions in the capital that were not fit for animals. "There are families of nine and ten trying to live in two rooms, with the father and mother sleeping on the floor," he said.

In Hamilton, Mayor Lloyd D. Jackson recently declared that "the story of housing in this city is absolutely heartbreaking. I can hardly begin to describe it." Miss E. Duffy, of the Hamilton Children's Aid Society, said that parents in increasng numbers were being forced to board their children out, and even part with them entirely because of their inability to get decent homes for them. "It is most important for the future of the children of Hamilton," she said, "that some remedy to the situation be found at once. Present conditions are contributing to child neglect, and our efforts to help parents improve their way of life are practically nullified by the seriousness of this housing emergency."

Just think for a moment of a country that can put $2 billion a year into the defence of our way of life, yet leave tens of thousands of children to be brought up in a way of life that is not becoming to a civilized democratic country! You may ask: What is the answer? There is no simple answer to that problem, as the minister in charge of this department well knows. I submit that first of all as a country, as a people and as a government we should recognize that housing is a social problem and that adequate housing will contribute values to society that cannot be measured in terms of interest or dividends on the money invested. I suggest in the second place that the minister and the cabinet should make up their collective mind as to where they are going in the matter of housing, whether the government is getting into or out of the housing business. If it is getting into the housing business, then subsidized low rental housing must be provided. I do not think that the Prime Minister's political patronage argument against it is a good reason for the government's refusal. More effective co-operation between governments at various levels is necessary to make section 35 of the National Housing Act operative.

If the government is going out of the housing business, if it is going to leave it to private enterprise to solve the problem, then the government must take such measures as will induce private enterprise to provide society with an adequate building program. There are two difficulties that appear to have stood in the way of housing during the past year. The first one was the cost to the municipalities of providing serviced land and servicing the communities in which houses would be built. The second was lack of mortgage finance. When you consider that a housing program such as we carried out in 1949 and 1950, when we built about 90,000 houses, requires at least 25,000 acres of serviced land, you can realize the burden that is thrown upon the municipalities. Municipalities are loath to take advantage of the facilities of section 35 of the National Housing Act for the purchase and servicing of land for low rental housing.

The mayor of Windsor is reported to have said in the Ontario legislature that the present land assembly plan, under which the federal, provincial and municipal governments share the cost of acquiring and servicing land for building, is only scratching the surface and not meeting the real problem. Since every 500 new houses require a new school, municipalities are faced with additional costs for education. Numerous resolutions by organizations interested in housing have called for the federal and provincial governments to bear the full cost of education and social or welfare services within the municipalities. If it were possible for the federal government to provide relief by way of federal aid to education part of that difficulty would be removed. If the government were willing to get together with the provincial ministers of education to ascertain if some formula could not be worked out whereby this government may assure the provinces a part of the cost of education, the municipalities would then be able to devote more of their revenues to housing.

Mr. Deputy Speaker: Order. I must inform the hon. member that his time has now expired.

Mr. E. A. McCusker (Regina City): Mr. Speaker, the budget address was clearly and ably presented by its author the Minister of Finance (Mr. Abbott). It was vigorously criticized by the financial experts of the opposition, but they should not be reproached or feel too depressed if their criticisms made little impression upon this house or upon the public at large. Much time, I think perhaps too much time, has been spent in this discussion so I shall be brief.

The best indication of the soundness of a budget is the reaction of the taxpayers. Our taxpayers are a fairly intelligent lot. They realize that taxes form the great source of revenue for a government, and that if we are going to spend $2 billion on national defence,

a billion and a half on health and security and still find enough money to run the country, someone must pay taxes. They did not expect substantial tax reductions at this time. True, certain industries were suffering. They made representations to Ottawa during the year, and they obtained relief. When I was home at Easter I received calls from many people expressing appreciation for what had been done. In fact, I only received one letter of complaint from an individual in the civil service stating that he thought civil servants were the forgotten people, and asking me for an appointment to discuss their case when I next returned to Regina.

No one denies that taxes are high, but everyone realizes we are better able to pay taxes now than at any other time in our history. People believe also in the pay-as-you-go system. Never have people been better paid, better fed, better clothed and, may I say, better governed than they are in Canada today under this Liberal government. I was surprised at the remarks of the hon. member for Rosetown-Biggar (Mr. Coldwell). He and his associates generally claim to be the friend of the little man. But let them not forget there are some little men in business, and the little men in business needed this tax relief to protect their businesses and save them from bankruptcy. Let me suggest to him and his associates that they should ascertain the facts before they pass judgment.

I should like to discuss a matter of great importance. Almost a year ago a royal commission was appointed to study the South Saskatchewan river dam and irrigation project. It consisted of Dr. T. G. Hogg of Toronto, chairman; Mr. G. A. Gaherty, Calgary; and Dr. John A. Widtsoe, Salt Lake City, Utah; and Mr. B. T. Richardson, Ottawa, secretary. Here is the order in council under which they were appointed, and here are the terms of reference. The commission was to conduct an inquiry into the following matters, namely, whether the economic and social returns to Canada and to the Canadian people on the investment in the proposed South Saskatchewan river project would be commensurate with the cost thereof, and whether the said project represents the most profitable and desirable use which could be made of the physical resources involved. I maintain, Mr. Speaker, that the inquiry is on the South Saskatchewan river project and the possibility of building a safe dam in a proper location and the economic soundness of the proposed irrigation and power project.

There is a sixth paragraph in the order, by whom it was suggested I do not know, but it tends to make this direction ambiguous and leave it entirely to the commission to determine its terms of reference. This project has been studied and reported upon for fifteen years. Under the direction of the Department of Agriculture, men of the staff of the P.F.R.A. have studied and prepared reports on every phase of this project. I should like to put some of their names on the record. They are: Dr. L. B. Thomson, director, P.F.R.A.; Dr. C. C. Spence, senior economist, dominion Department of Agriculture, Edmonton; Mr. G. L. MacKenzie, chief engineer, P.F.R.A.; Mr. G. M. Munro, assistant chief engineer, P.F.R.A.; Mr. A. E. Palmer, superintendent, dominion experimental station, Lethbridge; Mr. G. W. Parkinson, chief of design section, P.F.R.A.; Mr. J. G. Watson, construction engineer, P.F.R.A.; Mr. R. Peterson, soils mechanic and materials engineer, P.F.R.A.; and Dr. J. D. A. Mollard, engineering geologist, P.F.R.A.

In addition, they had as consultants such eminent engineers as Major General H. B. Ferguson, Washington, D.C.; Dr. A. Casagrande, Harvard university, Cambridge, Massachusetts; Mr. L. F. Harza, construction engineer, Harza Engineering Company, Chicago; Dr. J. A. Widtsoe, irrigation and soils expert, Salt Lake City, Utah. They had two eminent contracting engineers—D. S. MacDonald and W. B. Ramsay—as consultants. Mr. Speaker, on my desk are reports upon the work done and recommendations made by these men. These reports are all available to the commission.

The commission met in Washington a few weeks ago where all these men and many others were available for consultation. They were in western Canada last year and they are there now consulting the governments of the three prairie provinces. Why they should waste time consulting governments whose views are already well known is beyond me. It is well known that a royal commission should deliberate very carefully before bringing down a report, but in this case all the evidence has been accumulated and presented to them so the process of arriving at a conclusion should not be a lengthy one. I would earnestly ask the government, therefore, to modify the terms of reference if necessary to see that a report on this project is made in the very near future. When this report is made, if it be the desire of the government that the commission report on other things I shall have no objection to their sitting longer.

After the remarks made by the Prime Minister today I was inclined to eliminate this portion of my address, but later in the

day I saw a statement made by Mr. Richardson, the secretary of the royal commission, as it appeared in the Regina *Leader* of April 26. The article states:

> He said public hearings in Saskatchewan were being planned for the "near future."
>
> The Saskatchewan hearings will be held after the commission has examined the mass of engineering and technical data it has assembled.
>
> It is expected the commission will make its report this year.

Well, gentlemen, I think we should not delay much longer in getting a report. Mr. Speaker, at a time when we are spending four and a half billion dollars per year we cannot hesitate for a moment to develop our natural resources wherever we may find them. It is only through the aggressive development of these natural resources that we can ever hope to meet our ever-increasing expenditures.

Since I have been in this house I have been watching—I am glad to see the member for Rosetown-Biggar and I hope he will come in and sit down along with the member for Winnipeg North Centre (Mr. Knowles) and the member for Moose Jaw (Mr. Thatcher). I am glad to see them here because I wish to discuss the C.C.F. tonight. In Ottawa, the C.C.F. appear mostly as a group of benign individuals exuding honesty and benevolence. In Saskatchewan, where they form the government, they appear in their real character, and may I say a not very attractive character. During the Easter recess I spent a few days in Vancouver, British Columbia. The C.C.F. of British Columbia were in convention, and announced their platform for the forthcoming election. Under the leadership of Mr. Winch and son, they decided to go "full out" for nationalization.

Mr. Noseworthy: No provincial election speeches.

Mr. Gibson: Giving away other people's money.

Mr. McCusker: Hydroelectric, mining, lumber, pulp and paper, fishing—all industries were to be nationalized. Hospitalization, although very expensive in British Columbia today, was to be given at a much reduced rate and medical care was to be entirely free. One must give them credit for boldly telling of their intentions. Their intentions are similar to those of the C.C.F. in Saskatchewan when they first came into power. In fact, Mr. Fines, the financial expert of the C.C.F., was in British Columbia at that time. Was he there in an advisory capacity or was his visit purely a coincidence?

When the C.C.F. came into power under Hon. Mr. Douglas in Saskatchewan, they proceeded with their program of nationalization. What has been the result?

Mr. Noseworthy: Good government.

Mr. McCusker: Failure.

An hon. Member: The people must like it.

Mr. McCusker: Transportation is a monopoly and should have been a profitable one. Their capital was given to them by the government. They had no interest charges to pay. Yet they have made no money.

Mr. Thatcher: Certainly they made money.

An hon. Member: Let him make his speech.

Mr. McCusker: I have not seen this year's statement but last year the only part of that system which made money was the lunch counter in the bus station in Regina.

Mr. Thatcher: The company had an over-all profit.

Mr. McCusker: Then as to the box factory in Prince Albert, Mr. Mitchell, the owner had trouble with his men. They struck. The government told him that unless he settled immediately they would expropriate the property. He said: Do that. They did. What resulted? It is failure.

Mr. Thatcher: It was not failure.

Mr. McCusker: The fish filleting plant has practically ruined the fishing industry in northern Saskatchewan. As to the lumber business I will not repeat what the hon. member for Meadow Lake (Mr. Harrison) said. He covered that situation some time ago and explained what a mess they have made of it.

Mr. Thatcher: It is doing very well.

Mr. McCusker: As to the sodium sulphate plant, they sank $1 million into that.

Mr. Thatcher: What is the production of that plant?

Mr. McCusker: They had to close it down last fall and call upon their competitors, whom they had tried to put out of business by making them pay high royalties, for assistance in filling their contracts. Then what about the woollen mill in Moose Jaw? The hon. member ought to know about that.

Mr. Thatcher: It employed 125 people.

Mr. McCusker: Financially it is a failure. The tannery was a failure and was closed down. As to the shoe factory, this was a good investment. They brought in an expert to run it and after they closed it down I asked him why. He said: I will tell you. It

should have prospered. It is a good little plant. I am experienced in that business but they gave me so many superintendents and sales managers that they ran the business into the ground. They advertised it for sale. The advertisement read: "A first-class opportunity for an experienced person." They sold it.

Then comes the insurance company. They initiated a cheap packet coverage for cars—one the line companies had difficulty to compete with. They lost heavily in that venture.

Mr. Thatcher: The lowest insurance rates in Canada.

Mr. McCusker: Yes, but the company is practically broke as a result.

Mr. Thatcher: It is not.

Mr. McCusker: I must not forget the brickyard because I have been named in Saskatchewan as being involved in that.

Mr. Rowe: Have you some shares in it?

Mr. McCusker: I happened to be president of International Clay Products. When I was overseas they told my solicitor that we would sell the plant to them or they would expropriate it. My solicitors went ahead with the other officers of the company and effected the sale to them at a very reasonable price. Since that time they have put half a million dollars into it. Last year, a little over a year ago, I went west. I was driving west alone and I met Mr. Sykes of the *Journal*. He said: I have a two weeks holiday. I asked: How would you like to accompany me out west? He said: Fine. As we drove out through Estevan we stopped to see this old brick plant. I hardly knew it. It was modernized. Half a million dollars should modernize a plant. I said: How many bricks are you making a day now? The answer was: 56,000. In the old days, with the old obsolescent machinery we used to turn out approximately 100,000. I said: How many men do you employ? The answer was: 96. We employed 80. I said: How is it that with 96 men, and all this modern machinery, you are making about half the bricks we used to turn out in a day? He said: It takes a lot of men to run those labour-saving devices.

Some hon. Members: Oh, oh.

Mr. McCusker: There are two public utilities listed here which were established in the old days by a Liberal government.

Mr. Thatcher: They were always losing money in those days.

Mr. McCusker: They are the telephone and power corporation. They were alone and set aside and managed separately from the other crown corporations until the picture painted of the crown corporations was so bad that they decided to link them up. Now when you say: How are the crown corporations doing, they say: "Fine"; and that is what I wanted to tell you about. They are being financed with profits made from the telephone and the power company, profits that should be used to extend power lines and to extend the facilities of the telephone company.

Mr. Thatcher: Will the hon. member permit a question?

Mr. McCusker: You just sit down for a moment. I am going to deal with you shortly. Time does not permit me to dwell at any length upon this formidable list of failures. What has resulted from that? Private enterprise was driven from the province. When the C.C.F. came into power in Saskatchewan Imperial Oil had five drilling rigs and seismographic crews working in Saskatchewan seeking oil. On account of the confiscatory legislation that was envisaged, they pulled out and went to Alberta and those crews are responsible for the discovery of Leduc, Redwater and three other major fields. It would have been rather nice to have those discoveries made in Saskatchewan.

Mr. Thatcher: How much oil was discovered under the Liberals in Saskatchewan?

Mr. McCusker: Finally, becoming alarmed at the loss of population in Saskatchewan compared to the other provinces, and impressed by the developments taking place in Alberta and Manitoba under free enterprise, the C.C.F. decided to drop the nationalization program and to attempt to bring capital to the province. They promised the oil company the same deal they were getting in Alberta.

Mr. Thatcher: Do you object to that?

Mr. McCusker: Not at all. I think it is excellent. Just wait. Do not be impatient. You will hear the rest of it. They promised the oil companies the same deal as they were receiving in Alberta. The big companies swarmed in, seeking leases, for it is felt that the potential oil and gas resources of Saskatchewan are equal to those of Alberta. What happened? Instead of allowing the legitimate oil companies to bid for the choice leases, they gave a concession of 9 million acres to a Mr. X of Montreal. He paid one-tenth of a cent an acre for the lease. He was not a legitimate operator. He disposed of his acreage to the legitimate companies, who had been trying to get them

before, at a handsome cash profit and retained a royalty of 2½ per cent on 9 million acres. Here comes the joker. The C.C.F. government claimed they did not know this gentleman, that he was a perfect stranger. Yet he walks in and gets 9 million acres and goes away with a 2½ per cent royalty on them. I asked this question, as do the people of Saskatchewan: Who are his hidden associates? Dr. Schumiatcher, Q.C., then legal adviser to the premier of Saskatchewan and the government, formed several companies and applied for leases. He left the government employment on the eve of having those leases granted; they were leases amounting to hundreds of thousands of acres of oil land and a large acreage, 250 square miles, of uranium leases in the most favoured portion of Saskatchewan. Who are his associates? Now, gentlemen, you may get some idea of what is going on there with a C.C.F. government in power when I tell you this. During the short session of the Saskatchewan legislature a little over a year ago the government slipped through an amendment to the assembly act, which permitted members of the legislature to obtain leases of oil and mineral lands from the government. In fact I am told it went further; a member could hold leases through an agent, and that agent did not have to make known the names of those for whom he was acting. The storm of public opinion rose so high over this that the Saskatchewan government hastened to repeal the legislation at the last session of the legislature. A measure of comedy was added to this particular type of proceedings when the provincial treasurer, the Hon. Mr. Fines, produced and tabled affidavits to the effect that all the C.C.F. members of the legislature were honest men.

Mr. Thatcher: That is more than I can say for the parliamentary assistant.

Mr. McCusker: But the bug of private enterprise—or should I, in these times of agriculture investigation, call it the virus—

Mr. Speaker: Order. I do not know whether I misunderstood the remark that was made about somebody being dishonest.

Mr. Thatcher: You did not. I withdraw.

Mr. McCusker: Thank you, I had not heard it. I do not pay much attention to what he says, anyway. The bug of private enterprise, or should I say in these times of agriculture investigation the virus of private enterprise, had now entered the veins of Premier Douglas and finance minister Fines. They gazed with envy upon the neon lights advertising Famous Players and Rank movies, and so they decided to build a theatre for themselves.

[Mr. McCusker.]

Mr. Thatcher: You are pretty courageous to attack them down here.

Mr. McCusker: Soon we see a company formed with Mr. Bodnoff, one of Mr. Douglas's constituents from Weyburn, as president, Mr. Douglas and Mr. Fines as shareholders and directors and Mr. Schumiatcher as secretary-treasurer, to build a theatre under the stars, the Sunset Drive-in. This was built with the above-named officers holding a large mortgage upon it.

Of course it was purely a coincidence that Mr. Bodnoff received a very large loan of $75,000 from the Saskatchewan government insurance company a short time previous to the formation of the theatre company. We all know now that the Saskatchewan government insurance company—

Mr. Coldwell: I rise to a point of order. I am not objecting to what the hon. gentleman is saying, but I do not think it requires very much courage to stand in this house and attack people who have no chance to reply in this house.

Mr. McCusker: I am expecting you to defend them. I will come to that in a moment. You are their leader; I am expecting you to defend them.

Mr. Coldwell: No. I am not using this parliament for provincial politics. I will do that in Regina, in your own constituency.

Mr. McCusker: When—

Mr. Coldwell: Just cowardly.

Mr. McCusker: No, there is nothing cowardly about it because this will be right on their doorsteps tomorrow morning.

Mr. Thatcher: You flatter yourself.

Mr. Speaker: I doubt whether any hon. member should accuse another hon. member in this house of being a coward.

Mr. Coldwell: If you insist that I must withdraw then I will withdraw, but I keep my own opinion.

Mr. McCusker: I do not care what the hon. member says. Nobody pays any attention to him in Saskatchewan.

Mr. Thatcher: See how much attention they will pay to you next time.

Mr. McCusker: Let us go on with this: I know it is hard to take. I am showing you C.C.F. socialism with the veneer off.

Mr. Drew: Liberals in a hurry.

Mr. McCusker: We all know that the Saskatchewan government insurance company comes under the department of the provincial treasurer, Mr. Fines. When he was asked

in the Saskatchewan legislature why this money was not placed in farm loans Mr. Fines is reported to have stated that they did not yield a high enough rate of interest, and so it goes on. The virus of private enterprise, once it got into their blood, spread just as rapidly and has been just as persistent as that of foot-and-mouth disease.

Another cabinet minister has gone into the hotel business. I want to read an editorial. Hon. members are objecting that I was giving too much attention to Saskatchewan. I will come right into this house. This is from the *Leader-Post* and is an editorial of April 28, headed "C.C.F. inconsistency", and reads as follows:

> Redistribution should not be the "business" of parliament, nor of a parliamentary committee, Mr. Stanley Knowles, C.C.F. member for Winnipeg North Centre—

Mr. Speaker: I understand that the question of redistribution has been referred to a committee.

Mr. McCusker: It is redistribution in Saskatchewan that I am talking about, Mr. Speaker. I will not read the first paragraph which has to do with the statement of Mr. Knowles, and is no doubt the official view of the socialist party. The next paragraphs set out how redistribution is carried out in this house and I shall not refer to it. But since the rest applies to Saskatchewan I would like to read it, sir, with your permission:

> Aside from the merits of Mr. Knowles' proposal, a point of interest to Saskatchewan is the wide gulf between C.C.F. talk in Ottawa and C.C.F. action in Regina.
>
> Saskatchewan under the C.C.F. government had a redistribution a year ago, in preparation for the forthcoming election. Was it handled by an independent commission? The answer is "no." Was it handled by a committee of members, with representation thereon from both sides of the house? Again, the answer is "no." The only members who had anything to do with it were C.C.F.'ers, behind closed doors where the boundaries were drawn under the eagle eye of provincial treasurer Fines. Eventually, Mr. Fines, on behalf of the government, told the legislature where the boundaries of the constituencies were to go, and that is where they went, except for a few minor changes.
>
> The Saskatchewan opposition did not go as far as to request an "independent commission" such as the federal C.C.F.'ers talk about. It moved an amendment to the redistribution bill asking that the present Ottawa procedure be followed, that instead of the government presenting redistribution as a fait accompli a special select committee of the house be established to redraw the boundaries with both sides of the house represented thereon.

I will not read the whole editorial. It was refused. This is what happened:

> Saskatchewan polls that went Liberal in 1948 were lopped off here, and others which gave the C.C.F. a majority were added there to strengthen the shaky seats. Robert Walker, who won Hanley with a 51 majority in 1948, was fixed up with a majority of 166 if the people vote again as they did in 1948. Shellbrook's boundaries were shifted to raise the C.C.F. majority from 175 in 1948 to a potential 388. Touchwood was lifted from an actual C.C.F. majority of 168 in 1948 to a potential 413 in 1952, or whenever the election is held. Kerrobert-Kindersley's potential C.C.F. majority was raised from 178 to 436.

And so it goes on. I just wanted to show you, Mr. Speaker, that performance is a little bit different from talk. The reason we have lost population is that we have a government which has brought about a lack of industrial and business opportunity; a government which has passed farm security legislation which has made it impossible for our young men to obtain a loan to buy a farm; a government which prefers to use the people's money to develop movie theatres rather than to develop agriculture.

I should like the hon. member for Rosetown-Biggar to state which, if either, of these groups he supports, the radical group on the coast or the capitalistic group in Regina. I am amazed that he can support either. Is he trying to walk a tight rope between them? Obviously he should disown one or the other, or both.

I hate to mention the name of the hon. member for Moose Jaw, whose independent stand in this house last week sent a convulsive shudder down the spine of the leader of the C.C.F.—a tremour which was recorded in the press throughout Canada. This reaction, of course, amazed all hon. members of this house who had heard the hon. member for Rosetown-Biggar (Mr. Coldwell) attack the Liberal members, on the radio and in this chamber, for their honourable conduct towards their leader who, by the way, has never in any way attempted to interfere with our duties and privileges as members and who, moreover, never expects Liberal members to have their speeches vetted by him before they deliver them.

What happened to the poor member for Moose Jaw? He was summoned to the whipping post and emerged from that ordeal so thoroughly shaken that he was heard to mutter as he walked back to his room—*"Mea culpa, mea culpa, mea maxima culpa"*. He then dashed off an iron curtain confession of guilt and a new profession of faith. But what an ordeal that must have been for the usually loquacious gentleman who now sits in his room or in his seat in this chamber, in gloomy silence. In fact, tonight I have been one of the first to cheer him back a little bit towards normalcy.

Can it be that the leader of the C.C.F., seeing the Saskatchewan trend and seeing the free enterpriser in the bench behind him becoming bolder, feared a contest for leadership?

Mr. Coldwell: What a parody! What a parody!

(Translation):

Mr. J. O. Gour (Russell): Mr. Speaker, it gives me pleasure to congratulate the hon. Minister of Finance (Mr. Abbott) on the farsighted budget he has laid before us. Every Canadian should congratulate the minister and also every member of the cabinet for having given the country such good administration and having shown a sixth consecutive surplus; thus they have reduced the national debt by $2,544 million, which means a saving of more than $62 million in interest charges for the Canadian people.

No, the minister need not be ashamed of showing such a wonderful surplus and I challenge our opponents to criticize it with worthy arguments to support them. As a matter of fact it is a government's duty, in time of peace and prosperity, to show a surplus in order to reduce the huge debts we have had to make, while we were forced to defend our country and civilization in order to ensure security to our fellow countrymen.

This year, the hon. minister has done even better for we have a surplus in a year that is, at it were, a semi-war year since more than $1,441 million was spent for our armies in Korea and elsewhere, again to provide for the security and the defence of this country and other countries which also want to defend liberty against the threat of communism.

Mr. Speaker, I am in favour of piling up surpluses in peacetime and during periods of prosperity like the one we now enjoy in this country because we were compelled to run the country into debt to the amount of $2 to $3 billion each year in wartime. Should we again be compelled by our enemy to defend our country we would be in a better financial position.

If we are now enjoying great prosperity it is mostly due to the sound administration of the Liberal government as opposed to the administration we had between 1930 and 1935, during which period a Tory government directed the country's business until it was gotten rid of at the general election of 1935. What a good thing that was for everybody!

The people of Canada were then experiencing the worst industrial stagnation in its history, most of the workers being unemployed and many farmers and businessmen having gone bankrupt. These people were not then complaining about taxation, because they were not earning enough money to take care of their own needs.

The picture is altogether different today when Canada has undergone a thorough transformation; as a matter of fact, most of our towns and rural areas have improved out of all recognition. Consequently, I say that we should continue to proceed along the lines of good government and harbour no worry.

However, I find, like anyone else, that a budget amounting to $4 billion and a half represents a tremendous expenditure for a population of 14 million people scattered as it is over ten different provinces and the large spaces of a country such as ours.

With the permission of the house, I will review the reasons compelling our government to impose such high taxation. First of all let us see what conditions are in other countries in order to find out if we are paying more or less taxes than the people of these other countries.

Let us see, in the first place, how our friends from the United States fare. This country, with a population of over 150 million people, is one of the most advanced and the richest in all kinds of raw materials. Furthermore, due to its geographical situation, this country is able to grow all the products it requires. Its clever and resourceful people pay, on the whole, much higher taxes than our own. In spite of this, the United States have shown a large deficit for many years.

I now wish to quote from the New York *Herald Tribune*:

> A New York paper praises Canadian taxation policy.
>
> The New York *Herald Tribune* states, in an editorial, that Canada's answer to the threat of inflation places that country ahead of the United States on the road to secure stability.
>
> In pointing out a few taxation adjustments announced last week in the Canadian budget, the newspaper adds that the people responsible for the preparation of the taxation program in the United States could take note of Canadian methods.
>
> The willingness of the Canadian people to accept the bad news of a level of taxation high enough to offset an expanded budget is proof that they realize the fact that a taxation program which contributes to economic stability is an adequate program.
>
> It is not by accident that since the war the Canadian dollar has reached parity with the American dollar, that the public debt of Canada has been reduced, that the American investments in Canada have greatly increased and healthier economic conditions than in the United States have been maintained.
>
> Canada did not merely stick to a payment in cash policy. Having accepted the gross burden of taxation required to balance its budget, Canada has centred its attention on improving the efficiency and fairness of its taxation.

I challenge our opponents to say that they are not proud to realize that their Canadian money is worth more than any other money in the world, and that foreign capital is flow-

ing into Canada. Therefore, were it not for these governmental restrictions, we would get thousands of requests from citizens of other countries who would like to settle in Canada. While I am dealing with immigration, and though I am not opposed to it, far from it, I would nevertheless like to suggest to the government that we should not proceed with too much haste in this connection, for I cannot see how we could receive more than 100 thousand emigrants a year, which, added to the natural increase of our Canadian population, would bring it up by 200 or 300 thousand a year. We must be logical and give these people employment.

But let us return to the reasons for levying taxes for an amount of $4 billion and a half. First there is an amount of $2,100 million for the defence of our country and for assisting less favoured people. I do understand that the amount is quite high for a population of 14 million. I hope that the threat to peace will subside and that we shall soon be in a position to reduce our armament program.

But what did our opponents say, and more particularly the hon. member for Carleton (Mr. Drew), leader of the opposition? At the time of the invasion in Korea, in June, 1950, we were accused of not spending enough, we were told that we should be spending two or three times as much, that we were endangering the security of the country. Several members of the opposition even asserted in the house and at public meetings that we should have more than 200,000 men under arms and that we should resort immediately to conscription. Some of them went so far as to say that we should be a member of the Atlantic pact. To hear them speak, one would think that there should be Canadians on guard duty all around the world. Really, Mr. Speaker, if the government were to listen to everything that is said by the leader and the Tory members, they would believe that the expenditure should not be $2,100 million but much more than $3 billion for defence alone. Our armed forces would comprise not a mere 100,000 men but 250,000 or even 300,000.

While I am speaking of the armed forces, I think it would be a mistake to accelerate the tempo of enlistments. We must, of course, fulfil our commitments, but we must also avoid subscribing to new obligations. It is a good thing to furnish war equipment, food and so forth; but it seems to me that it would be still a better policy to draw the line as far as the sending of soldiers abroad is concerned.

Those countries have a right to expect our help and besides, by helping them, we actually protect ourselves; but let it be admitted that their population is ten times as high as ours, that they are at home and that their supply of raw materials is insufficient to employ their population. And while we open our doors to some of their youth, most of whom are of the same age as our young soldiers, our own young men are fighting on the battlefields. That is why I repeat, Mr. Speaker, it is all very well and also quite natural to help but we must not send more soldiers than we have now, except in the case where the danger should become greater.

I would not forgive myself if I did not refute the criticisms directed against us by the opposition and, for the most part, by the second and third oppositions and by many members who pretend to be independent but are greater Tories than the Tories themselves on the amount we are compelled to spend for the administration of the country, in addition to defence expenditures.

Mr. Speaker, I have made what I consider a fairly accurate calculation of what the amount would be if the government were to agree to all the expenditures they suggest. We would need a budget of more than six billion. Oh, how generous are our friends of the opposition! They are always prepared to suggest increases of all kinds, pensions, better wages for government employees, subsidies here and subsidies there, subsidies for everybody. If the water level rises and overflows in the springtime, in some little creek, the government should carry it away to some other place. To hear them tell it, one would think the government was a huge mountain of gold and that the only thing to do is to help oneself.

Mr. Speaker, the hon. members who endorse the policy of the Liberal government are as generous and sympathetic as the hon. members of the opposition when it comes to helping others, to making contributions out of their own pockets, and I challenge our opponents to find a single Liberal member who is not in favour of all social measures intended to help people of slender means, to give adequate salaries to the civil servants, to help our farmers through subsidies, our workers, etc., as well as foster education. We want adequate pay for our servicemen, we take care of our returned soldiers, we help our hospitals, we give fair treatment and an adequate salary to our workers, in

short, we promote by all possible means the development of our country and make sure that all Canadians will be treated justly so that our national unity will be preserved. But—and there is a "but" which we must not forget—all social laws ever adopted in this country have been sponsored by a Liberal administration. Every dollar spent by the government must be repaid by the Canadian people. That is why it is necessary to collect taxes and that is why we must not go faster than our resources will allow us to go.

And then after requesting that over $6 billion be given, contributed and spent, they turn around and accuse us of overtaxing the people. I understand that the role of the opposition consists in criticizing. Now, my good friends, be serious. During the Korean invasion, you had a fair game and you said that the danger was impending. Any man who is close to danger is ready to take any means, like during a thunder-storm we fear the thunder, and as we are good fellows we implore the protection of Divine Providence. Unfortunately, too often after the storm we forget to give thanks, yet sometimes people die without sufficient preparation. It is the same as far as the Korean war is concerned. Because things look a little better now, some are bound to forget and to blame us for too much preparation and, for the rest of the budget, we are blamed again after having been asked to spend twice as much or three or four times as much.

I say, Mr. Speaker, that no single member of this house who is a supporter of the Liberal government welcomes high taxation more than anyone else. To begin with, we also pay taxes, as well as our opponents and our friends who have elected us, not to mention those who have given their voice to our opponents. Most of the hon. members in this house wish to be re-elected with a greater majority. Then we must make new friends and keep such friends as we had before. Consequently, we want our families where the head of the family has many dependents to be taxed less, to receive a bigger family allowance, certainly less taxation for everybody, a pension for the disabled as soon as possible, an increased old age pension, etc., etc. But, where shall we find the money and yet incur no deficit? It is true that we have a surplus but that is a good investment for all Canadians. To support this contention I quote an article which appeared in the London *Times*:

(Text):

I have a newspaper article headed, "Financial Strength of Canada Helping Buttress Free World". It is dated April 15, quotes the London *Times,* and reads as follows:

> The financial strength of Canada is helping to buttress the entire free world, the London *Times* says today. "Clearly Canada is exceptionally favoured by fortune; but prosperity as well as adversity is a test of statesmanship, and much credit is due to Mr. St. Laurent's government for the happy condition of the nation's affairs," the *Times* says. "Canada may be congratulated the more wholeheartedly by her friends because her financial strength helps to buttress the entire free world."

(Translation):

To be able to enjoy prosperity, the finances of the country at least must be in good condition. In case of war we would be in a better position to defend our country and if peace should continue, as it is our wish, and if the markets where we sell our products become less profitable, our country will have to be in a sound financial position to undertake in due time vast projects to help the development of our natural resources and to ensure employment for our workers.

Mr. Speaker, before concluding I wish to ask the Minister of Agriculture who is not in his seat at the moment, but who will certainly read this request, to consider closely the prices of our farm products, because during the last few months the prices of cheese, beef, pork, eggs, poultry and milch cows went down by more than 25 per cent. Even now the price of the hide of a month or month-and-a-half old milk-fed calf is only 40 cents. We must remember that that requires an hour and a half of work by the farmer to skin a calf and that children's shoes sell at $2 to $4 and shoes for grown-ups sell at $10 to $15, which means first of all . . .

(Text):

If I may say it in English—fifteen hours of work for a farmer and ten calf skins for a pair of child's shoes...

(Translation):

. . . and forty-five hours of work and thirty calf hides for adults. Obviously, there is something wrong with our shoe manufacturers. I have investigated the matter personally and I was told that they have lowered the prices of hides and shoes considerably, but that they have increased wages. I think that they too need a wider margin of profit. Which means that at the present time our farmers are producing at cost, since there has been practically no reduction in the price of what they have to buy. Almost everywhere we see wage increases, which makes them think that the price of goods they have to buy will go up, since inevitably, when an industry increases its wages, it also increases the price of its products propor-

tionately. The railways and all the other means of transportation are charging exorbitant rates on all freight. So our farmers are leaving their farms. Statistics are there to prove it. That is why there is a shortage of housing in our cities. Such a condition can throw our economy out of balance and cause unemployment, and even a certain lack of balance in our society.

Agricultural loans are inadequate in Ontario. The provincial government actually neglects the Ontario farmer. The loans should be increased by at least 50 per cent. Instead of lending $4,000 on a farm, we should lend $6,000. It would be much easier then for the head of a family to purchase farms on his sons' behalf, for one needs more than $12,000 to buy the farm, the cattle and the necessary machinery. Such an improvement in the law would encourage farmers' sons to remain on the land, which would be an excellent thing for all Canadians.

I would feel remiss in my duty if I failed to remind our excellent minister of national health to see to it that bilingual old age pension cheques be distributed throughout Canada. I feel sure that there is not one of us who would not be in favour of unity and justice at home.

(Text):

I am of the opinion that there is not an hon. member who is not in favour of unity, good understanding and justice in this country.

(Translation):

We are descended from two great races with a glorious past. In this land of our ancestors, we speak French and English and we have been living in harmony for centuries; have we not become allies in several wars, standing together in the defence of freedom? Why should Canadians not be able to live side by side and respect one another?

To achieve that end, we must be treated equally well. Then let us have bilingual cheques, like bilingual currency. School legislation, although it comes under the jurisdiction of the provinces, should be applied without any discrimination as to race or language, and not as in British Columbia. This also holds true as far as religion is concerned. That would be in the greatest interest of Canada. Let us follow the example set by our young men, either French or English-speaking, who have shed their blood and made the supreme sacrifice at the front to defend their country, their race and their religion. We, who represent them all, should not fear to pass legislation accordingly and endow this country with a distinctively Canadian flag.

I conclude by asking Divine Providence to protect the health of our Prime Minister, who is widely known as a man of superior qualities and a great Christian.

(Text):

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, ordinarily I would only speak on the subject of the budget once, but sitting in the house listening to the speeches made, one begins to feel like a steam boiler. Since you have not got a safety valve, when you get up to a certain pressure the only way to relieve it is to say something about the things that are bothering you. I should like to say two things about the speech made tonight by the member for Regina City (Mr. McCusker). I am sure he would not want to mislead the house or make an inaccurate statement.

Tonight the hon. member used the figure of one and a half billion dollars as the contribution made by the federal government in the field of social security. I am sure that the parliamentary assistant to the Minister of National Health and Welfare knows that figure is not correct. When he uses that figure of one and a half billion dollars he is including the provincial government's contribution, the money spent by the municipalities in the field of health and welfare as well as private contributions that are allocated for that purpose. I want to correct the record on that, and I am sure the parliamentary assistant would want me to do so. The federal government is not spending one and a half billion dollars; that is the total amount of money that goes into that field in Canada from the agencies that I have mentioned. The second thing I should like to put on the record is the position of the small industry in Saskatchewan operated by the Saskatchewan government. Now, it is not my prerogative to defend the Saskatchewan government in this house. There are five members from that province who are capable of doing that. The reason I am interested in the industrial set-up is that in my last election that was the only issue in the campaign in my riding, based on a statement made in the house by the member for Lake Centre (Mr. Diefenbaker) just before adjournment. The Saskatchewan industrial set-up was a complete washout so far as the hon. member was concerned. Fortunately, I had just returned from Saskatchewan where I had spent two weeks, much of it in Regina with the men who were

responsible for setting up and maintaining these small industries. I had the facts and figures in my pocket at the time the member for Lake Centre made that speech.

Immediately following the hon. member's speech I rose and put the facts and figures I had obtained from the men in Saskatchewan on the record. I have kept in touch with that industry ever since. If the parliamentary assistant to the Minister of National Health and Welfare will look at the budget speech made by the provincial treasurer of Saskatchewan in 1952, he will find that in the over-all operation of industry under the management of the provincial government there was a net profit of $3·5 million. Those are the figures the provincial treasurer gave the legislature.

Mr. McCusker: I do not want to interrupt the hon. member, but will he permit a question?

Mr. Gillis: Yes.

Mr. McCusker: I wanted to ask him through you, Mr. Speaker, if he included in that the telephone company and the power corporation?

Mr. Gillis: It was all-inclusive.

Mr. McCusker: That is the statement which I made. I think I said that the crown corporations standing alone did not carry themselves but they had lumped in with them, for the purpose of accounting, the telephone company and power corporation which were old corporations making large profits, and therefore it showed as though the whole scheme of crown corporations were making a profit; in fact the latter two concealed the actual deficits of the first.

Mr. Gillis: I am not going to argue about the details. What I am interested in is this. At the time the Saskatchewan government took over the power operations in that province it was a dead loss, and the telephone company was in the same position. I am sure the hon. member will agree with me that the position of industry in that province at that time was nil. If I belonged to that province, regardless of politics, I would have to give the government credit for taking the initiative and trying to set up small industry on the prairies to create employment. There has been a wide expansion of power in that province since the government took over. I believe it is all to the good. I wish that the Nova Scotia government, with the resources it has available, would undertake a similar development. Regardless of the fact that it is a Liberal government, I would be one of the first to pitch in and help.

Mr. Brooks: And New Brunswick too.

[Mr. Gillis.]

Mr. Gillis: And the province of New Brunswick also. I merely say that because I am interested in the Saskatchewan government's efforts to put some industries on the prairies; that has never been attempted before. Of course these men were inexperienced and were feeling their way. Nevertheless, there are a lot of people who have employment in these little industries today, regardless of whether the money was made in power, in telephones or in the over-all picture. Some sections will lose.

For instance, take the Dominion Steel and Coal, a huge free enterprise octopus that stretches across this country. It has twenty-six subsidiary organizations, and you will find that many of those subsidiaries are losing money while others are making money. The over-all picture enables that huge organization to remain solvent, and in a position to employ thousands of people. I compliment the Saskatchewan government on that particular matter for creating employment and experimenting with industry. The men lacked experience, but I think they have made a very great success of it. I just wanted to straighten out the record on those two points.

There is another matter, Mr. Speaker, that I should like to develop rather fully and that is the question of whether there will be another fall session. The recriminations that the Prime Minister (Mr. St. Laurent) has to take, the accusations that the house is being prolonged for the purpose of giving members another indemnity—one hears those things. So far as I am concerned, as one member of this house, Mr. Speaker, I do not think that those accusations are justified. On June 8, 1951, I spoke on this question and pointed out that, so far as I was concerned, a second session was necessary, and I put the legislation that still remained untouched on the record. That prediction in June turned out to be correct because hon. members were here in December. They had a two-day recess for Christmas, and the business was not completed then, or not as it should have been.

Today is the 65th day of this session. If the session prorogued tonight, hon. members could go home and draw their full indemnities. What does that mean? It means that in the years gone by the anticipated length of the session was 65 days, and hon. members could complete their business when they were dealing only with the problems of Canada with 8 million or 9 million people. They did not then have the problems of the world to contend with as we have today. Anyone who takes a look at that order paper which I have in my hand—and I refer to today's order paper—and looks over the 34 items of legislation that are still on it, to

say nothing about the legislation that is yet to be brought forward in this session, such as amendments to the Criminal Code, the Combines Investigation Act, with regard to immigration, unemployment insurance, and all those things that will have to be dealt with—

Mr. Blackmore: And all the estimates.

Mr. Gillis: —and who thinks that that agenda can be completed by the end of June, is not figuring on giving that legislation much consideration. Then you have all of the estimates to handle in addition to the legislation that is on the order paper and the other items that we know must be brought in. In the light of all that, I am obliged to rise and say something about it. I think the Prime Minister (Mr. St. Laurent) has been fair, considerate and understanding as far as the members of the house are concerned. In addition to that, he wants to give everybody in this house an opportunity of examining that legislation, and not just rushing it through at the last minute.

On the question of remuneration, I want to compliment the hon. member for Simcoe North (Mr. Ferguson) who got to his feet here last evening and made a strong speech on that subject. When you take a look at the legislatures, for example, what do you find? I have in my hand a clipping—and it is dated May 1—which shows that in the province of N wfoundland the members of the legislature increased the indemnity to $3,000 a year. In the province of Ontario I think the indemnity is about $3,900. I think $3,000 is fairly well the indemnity across the country. In its last session the Ontario legislature sat for less than seven weeks. You must consider the fact that members of parliament come here from all over this country, many of them with businesses, many of them with law offices. You are not able to work here. Premier Frost recently made the statement that he figures that being a member of the Ontario legislature is a full-time job and that it is not possible to carry on as they have in the past and just consider it a part-time job.

As I said in June last year, we have arrived at the position in this country when members of parliament are going to have to make up their minds whether they are going to work for the people of Canada and accept the responsibilities that have been given them as members of parliament or whether they are going to stay home and look after their practice, if they are lawyers, their businesses if they are businessmen or their farms if they are farmers in some other part of the country. They just cannot do a good job either here or at home having regard to the time that must be spent in this parliament at the present time.

I am saying that because I think that the criticism and the kicking around that the Prime Minister has taken in the last few days is completely unjustified. I do not think he merits it, and I think it is up to the individual members of this parliament to show that they appreciate the fact that he has some understanding of and consideration for them, both with respect to the time they must spend in the house and as to the inadequacy of their compensation.

I think the time has come in this country when the government of Canada and the members of this House of Commons must do something. I do not believe in just putting the gun to the cabinet and saying: You must do it. As a member of this House of Commons I think I have some responsibility in the matter and should be prepared to express my opinion on it. I think it is a full-time job. I think the members of this House of Commons should be paid an adequate indemnity so that they might be able to do the kind of job that the people who elected them expect them to do.

I have in my hand the set-up in the United States as it affects our opposite numbers in that country. I am just going to put it on the record:

> Beginning in January, 1947, the compensation of senators, representatives in congress, delegates from the territories and the resident commissioner from Puerto Rico is at the rate of $12,500 per annum each; and the compensation of the speaker of the house of representatives and the vice-president of the United States is at the rate of $20,000 per annum each. Whenever there is no vice-president, the president of the senate for the time being is entitled to the compensation provided by law for the vice-president. Starting also in January, 1947, each member of either house receives an additional $2,500 per annum as an expense allowance for which no accounting is made. Beginning at the same time the government contributes to an annuity which a retiring member of congress may receive after six years of service and attainment of the age of 62 years, or upon retirement for disability after five years of service.

I should like to ask hon. members of this house if they think that a member of the House of Commons who has to spend the amount of time that we have to spend in Ottawa doing the business of the country is not as good a representative or is not performing just as good a job as is his opposite number in the United States? Do you think the people of Canada, with regard to what their members should receive, are any more parsimonious than are the people of the United States? I do not think so. In this house I have stated a good many times that, as to the riding I represent, the only question I have ever been asked on the subject of

remuneration is: How do you get by on it? How do you manage it in Ottawa for six, seven, eight or nine months of the year, maintain a family in this part of the country, and get by on the amount of money that you get?

There is no question as to what the member of parliament should be entitled to. I think the situation is the same in every riding of this country, if the member of parliament faced up to his responsibility and tried to have the people that he represents see the parliamentary job as it is today, under circumstances that have drastically changed over the last ten years.

I see that it is eleven o'clock, Mr. Speaker, and I move the adjournment of the debate.

On motion of Mr. Gillis the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): On Monday we will continue the debate on the budget. If this debate were concluded, we would proceed with Bills Nos. 182, 183, 184 and 181. Those bills relate to veterans matters.

Mr. Green: In that order?

Mr. Fournier (Hull): In that order.

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

HOUSE OF COMMONS

Monday, May 5, 1952

The house met at three o'clock.

RAILWAYS AND SHIPPING

Second report of sessional committee on railways and shipping owned, operated and controlled by the government.—Mr. Cleaver.

REFERENCE OF CERTAIN ESTIMATES TO COMMITTEE OF SUPPLY

Hon. Douglas Abbott (Minister of Finance) moved:

That votes Nos. 485, 486 and 493 of the main estimates for 1952-53, approved and reported upon this day by the sessional committee on railways and shipping owned, operated and controlled by the government, be referred back to the committee of supply.

Motion agreed to.

VETERANS AFFAIRS

CONCURRENCE IN FIRST REPORT OF SPECIAL COMMITTEE

Mr. L. A. Mutch (Winnipeg South) presented the first report of the special committee on veterans affairs, and moved that the report be concurred in.

Motion agreed to.

EMERGENCY POWERS

CHANGES IN GREAT LAKES SEAMEN'S SECURITY REGULATIONS

Right Hon. L. S. St. Laurent (Prime Minister): I should like to lay on the table of the house two copies, in English and in French, of order in council P.C. 2306, passed on May 2, 1952, under the provisions of the Emergency Powers Act, respecting changes in the great lakes seamen's security regulations.

CONSUMER CREDIT

ANNOUNCEMENT OF SUSPENSION OF REGULATIONS MADE UNDER ACT OF 1950

Hon. Douglas Abbott (Minister of Finance): Mr. Speaker, I should like to inform the house that an order in council has been passed, effective tomorrow, suspending all the regulations made under the Consumer Credit (Temporary Provisions) Act.

This act was passed by parliament in September, 1950, and the first regulations under the act came into force in November of that year. The regulations were considerably stiffened in March, 1951, and generally speaking required down payments of one-half of the selling price in the case of motorcars and motorcycles, and one-third for all other commodities, with the balance to be paid within the succeeding twelve months. Last January the regulations were relaxed by permitting payments of the balance to be spread over a maximum period of eighteen months.

The situation with respect to consumer credit is now such that I believe we can safely suspend the operation of these regulations. However, if conditions made it necessary, I would have no hesitation in recommending the reintroduction of consumer credit controls, and in view of existing uncertainties I believe the present legislative basis for such control should be maintained. For this reason the government will invite both houses of parliament to present addresses to the governor general praying that the Consumer Credit (Temporary Provisions) Act be continued for a further period. Hon. members will recall that this act is purely an enabling act authorizing the governor in council to make regulations respecting the control of consumer credit, and that under its own terms it will expire on July 31 next, unless the action I have suggested is taken.

PRIVATE BILL

FIRST READING—SENATE BILL

Bill No. 185, respecting the board of elders of the Canadian district of the Moravian church in America.—Mr. Decore.

QUESTIONS

HOUSE FURNISHINGS FOR SERVICE OFFICERS

Mr. Balcom:

1. Are homes furnished in part or in full for service officers transferred from one area to another in or outside Canada?
2. Under what circumstances are these supplied?
3. Do furnishings remain the property of the crown?

Mr. Blanchette: 1 and 2. In general all permanent and temporary married quarters provided by the Department of National Defence are furnished with stoves and refrigerators. At some isolated stations such as Goose Bay, where the costs and difficulties of transportation make it impossible or uneconomical to move personal furniture into

and out of the stations, furniture is supplied according to an established scale. Also in a few quarters which have been for a long time in the possession of the department, additional furniture is provided and in a few cases furniture which was provided prior to world war II has been permitted to remain when no particular economy would result in removing such furniture. Privately owned or rented houses are not supplied with any public furniture.

3. Yes.

ARMED FORCES—MEDICAL SERVICES AND NURSING SISTERS

Mr. Balcom:

1. Is any action being taken to consolidate into one the three medical services of the armed forces?
2. Is any action being taken to consolidate into one the nursing sisters of the three armed forces?

Mr. Blanchette: A high degree of co-ordination is now being accomplished through the inter-service medical committee which was set up to correlate the medical services in the armed forces and to conserve medical resources both professional and material, by eliminating duplication of effort.

In all areas where this is practicable the hospital or hospitals of one service provide for the hospitalization of personnel of all three services in that area. In addition all service hospitals and medical installations take men from all three services. Close co-operation is also maintained with the hospital services of veterans affairs. Further steps towards co-ordination have been considered and are being actively examined at the present time.

CHEESE IMPORTS

Mr. Fraser:

1. How much cheese was imported into Canada during (a) 1950; (b) 1951; (c) the first three months of 1952?
2. From what countries was this cheese imported, and what amounts from each country, in each of the years (a) 1950; (b) 1951; (c) the first three months of 1952?

Mr. McIlraith:

1 and 2.

Country	Year 1950 Pounds	Year 1951 Pounds	Jan. 1 to Mar. 31, 1952 Pounds
United Kingdom	12,054	11,973	3,781
New Zealand	6,611,300	6,471,394	3,797,971
Argentina	336,440	123,254	.....
Belgium	.....	1,208	.....
Bulgaria	.....	2,940	.....
Denmark	402,663	811,483	150,828
Finland	.....	1,440	.....
France	49,046	42,281	15,067
Italy	447,305	565,196	199,780
Netherlands	136,557	416,845	140,150
Norway	40,849	48,021	3,797
Sweden	7,313	6,825	1,086
Switzerland	1,591,526	2,427,295	839,610
United States	525,402	758,313	177,053
Totals	10,160,455	11,688,468	5,329,123

GRAIN—MANITOBA—COMPENSATION FOR DAMAGE BY DEER AND ELK

Mr. Dinsdale:

What steps are being taken to allow moneys which have been paid by Manitoba farmers under the Prairie Farm Assistance Act to be used to compensate farmers whose unharvested crops have been destroyed by deer and elk, after inspection has been made of the damaged grain?

Mr. Gardiner: Compensation under the Prairie Farm Assistance Act can be paid to farmers suffering damage to crops by deer and elk, but only on the same basis and under the same conditions as to those farmers suffering a crop loss for any other reason.

[Mr. Blanchette.]

UNEMPLOYMENT INSURANCE—PROFESSIONAL GROUPS

Mr. Murray (Oxford):

1. How many registered pharmacists in the province of Ontario have received benefits under the Unemployment Insurance Act, during the years (a) 1949; (b) 1950; (c) 1951?
2. How much money was paid out in benefits to registered pharmacists in the province of Ontario during the years 1949, 1950, 1951?
3. What professional groups other than registered pharmacists pay into unemployment insurance in the province of Ontario?

Mr. Cote (Verdun-La Salle):

1. The unemployment insurance commission does not make an analysis of the

occupational characteristics of applicants for unemployment insurance benefits.

2 and 3*. See answer to No. 1.

QUESTIONS PASSED AS ORDERS FOR RETURNS

GRAIN OVERAGES

Mr. Argue:

1. What overages or shortages of wheat, oats, barley, rye and flax were shown by each licensed elevator company operating in the prairie provinces in the crop year 1950-51?

2. What overages or shortages of wheat, oats, barley, rye and flax were shown by each elevator company in its terminal operations at Fort William-Port Arthur and Vancouver?

3. How were the shortages in country elevators disposed of?

4. On what basis did the wheat board pay for any overages it purchased: (a) country elevator operations; (b) terminal elevator operations?

5. What was the value of any overages paid to Her Majesty (a) on country elevator operations; (b) terminal elevator operations?

Mr. McIlraith: Return tabled.

SUBSIDIES

Mr. Murray (Oxford):

1. What amount has been the average government subsidy payment during the fiscal year 1950-1951, to non-agricultural groups?

2. During the same period what amount by way of government subsidy payment did agriculture receive?

NATIONAL PARKS—TOURIST CAMP RATES

Mr. Dinsdale:

1. Has the rate for tourist camp space at Wasagaming, Manitoba, been increased recently?

2. If so, by what amount and what is the reason for the change?

3. Are tourist camp rates being raised at all national parks across Canada?

4. If so, by what amount?

Mr. Winters: Return tabled.

PENSIONS—R.C.M.P. AND JUDGES

Mr. Thatcher:

How much money has the government paid for pensions to (a) retired members of the Royal Canadian Mounted Police; (b) judges, in each of the fiscal years ending March 31, 1947, 1948, 1949, 1950, 1951, 1952?

OBSCENE LITERATURE

Mr. Browne (St. John's West):

1. What are the names of the books, magazines, or other publications forbidden entry into Canada because of the immoral or obscene nature of their contents?

2. Have any seizures taken place since March 12, 1952, and have any prosecutions been taken as a result of same?

3. Have any prosecutions been taken against persons for having these forbidden articles in their possession, and if so, where and with what results?

* See also page 1954.

MOTIONS FOR PAPERS

INVERNESS COUNTY, N.S.—COAL DEVELOPMENT AND ECONOMIC CONDITIONS

Mr. Gillis:

For a copy of the report made to the Department of Mines and Technical Surveys on possible coal development and economic conditions in Inverness county, Cape Breton, Nova Scotia.

Mr. Prudham: Mr. Speaker, when this motion was before the house on April 30 last the hon. member for Cape Breton South (Mr. Gillis) suggested that there was in existence a report compiled by Dr. Haites.

Until a few months ago Dr. Haites was an employee of the geological survey of Canada, a branch of the Department of Mines and Technical Surveys. During the course of his duties he made many routine progress reports through the coal research laboratory at Sydney, Nova Scotia. Dr. Haites assisted in the preparation of a report submitted to the Nova Scotia department of mines by Dr. Lewis E. Young, a well-known mining engineer who had been engaged by the province of Nova Scotia as consultant on the Inverness coal fields.

After his work on the report for Dr. Lewis Young, Dr. Haites was authorized to visit other coal fields in Inverness county in order to assist Mr. W. M. McDonald of Sydney, who was conducting exploration in these fields to assess the needs, if any, for further geological work in these areas. However, as Dr. Haites could devote only a limited time to this further work in Inverness county, he produced a progress report only for the information of his divisional chief and the director of the geological survey. This report is not available yet for distribution, as it is proposed to carry out further investigation this coming summer before any opinions on possible coal reserves and developments in Inverness county can be formulated.

If this progress report is the one which the hon. member has in mind, I would suggest that he can see it if he cares to call on Dr. W. A. Bell, director of the geological survey of Canada, Royal Victoria Museum building.

Because of our inability to produce the report asked for at this time, I request that the hon. member withdraw his motion.

Mr. Gillis: The explanation is satisfactory to me. I understand, from what the minister has just said that, based on the examination made at that time, there is a report available in the mines department in Nova Scotia. I am quite willing to accept his explanation and ask that the motion be withdrawn.

Mr. Speaker: Withdrawn.

Inquiries of the Ministry

UNEMPLOYMENT INSURANCE COMMISSION—ADVISORY COMMITTEES

Mr. Knowles:

For a copy of circular letter No. 18 and also a copy of circular letter No. 19, issued by the unemployment insurance commission with reference to the work and functions of the commission's advisory committees.

Mr. Cote (Verdun-La Salle): I wish to table the return now.

CIVILIAN WAR PENSIONS

INCREASES IN BENEFITS TO OTHER THAN MEMBERS OF ARMED FORCES

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

That it is expedient to introduce a measure to amend the Civilian War Pensions and Allowances Act to provide increases in the scale of pensions under this act comparable to those in the basic scale of pensions under the Pension Act.

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

Motion agreed to.

FLOOD CONDITIONS

BREAK IN P.F.R.A. DAM ON FRENCHMAN RIVER

On the orders of the day:

Mr. H. R. Argue (Assiniboia): I should like to direct a question to the Prime Minister. Has the federal government been asked for financial assistance to restore damaged property, including that in Eastend, Saskatchewan, resulting from the break in the P.F.R.A. dam on the Frenchman river? Will such assistance be granted?

Right Hon. L. S. St. Laurent (Prime Minister): The hon. gentleman sent me notice of his intention to ask this question. On April 29 the premier of Saskatchewan telegraphed me about floods in southwestern Saskatchewan, and stated that Hon. J. H. Sturdy, minister of social welfare, was then in Ottawa, and asked if he could not see me, or some other member of the government, in that connection. I replied at once as follows:

Re your telegram concerning floods in Saskatchewan. All the information that we have comes to us through the P.F.R.A., and because the P.F.R.A. reports to the Minister of Agriculture, arrangements are being made for Mr. Sturdy to see Mr. Gardiner.

I understand that Mr. Sturdy and the deputy minister of his department, together with the mayor of Swift Current and the mayor of Eastend, did see the Minister of Agriculture, and perhaps it would be more convenient if the Minister of Agriculture informed the house as to what took place during their meeting.

[Mr. Speaker.]

Right Hon. J. G. Gardiner (Minister of Agriculture): Mr. Speaker, as the Prime Minister has stated, I was interviewed by Mr. Sturdy, the minister of social welfare in the Saskatchewan government, and the mayor of Eastend, together with the mayor of Swift Current, and as well the deputy minister of the department of social welfare in Saskatchewan. They presented the case for assistance both to Swift Current and to Eastend. I discussed the question with them and indicated that I did not think it came under the class of national calamities, and therefore suggested that the matter be dealt with in some other manner.

The procedure that has been followed by provinces generally, and always has been, at least since the days of the calamity in Nova Scotia and the cyclone in Regina, is for the provincial governments to make representations to the effect that the damage done is so great that they themselves are not in a financial position to deal with it, and that the federal government give some assistance. I said I doubted very much whether either of these cases of damage would come even within that class; and then we went on to discuss the matter further. I intimated to them that there had been some damage as a result of irrigation operations in certain areas, and that the matter should be dealt with as between Dr. Thomson, our man at Regina, and the deputy minister, who was along with Mr. Sturdy and the mayor of Eastend. The matter was left there; and from that time to this I have not had any further representations; but I expect there will be representations made.

Mr. Argue: I should like to ask this supplementary question: Does not this damage result from the collapse of a federal works project, namely a dam under the Prairie Farm Rehabilitation Act, and therefore come into the category for which the federal government is responsible, as defined by the Prime Minister to the House of Commons on April 7?

Mr. Gardiner: In the opinion of our officials it is not damage that results from the breaking of the dam; some others, however, may think it is. That is a question which will have to be dealt with and determined as between the two parties.

NATIONAL DEFENCE

THEFTS FROM VALCARTIER CAMP—LAYING OFF OF CIVILIAN PERSONNEL

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, will the Minister of National Defence make a statement to the house concerning the reported theft of live hand grenades from Valcartier camp, and also the laying off of 120 civilian employees who were working in engineers stores?

Hon. Brooke Claxton (Minister of National Defence): The commanding officer of the camp on Friday afternoon, April 25, caused the ranges that had been used during the winter, with live ammunition, to be examined to see if there were any grenades that had not gone off. Eleven grenades were found that had not exploded. They were marked with markers, and the area has been wired off. As it is in a danger area, there are of course danger signs.

The engineers were sent for to deal with this ammunition, and they arrived on Monday from Ottawa. Ten grenades were missing; no trace of them has been found. The area commander, Brigadier Fleury, has caused wide publicity to be given to the matter, and has urged that whoever has the grenades should return them.

With regard to the other matter, in connection with the annual stocktaking of the engineers stores, some 150 civilian employees working with the engineers have been laid off temporarily so that the stocktaking can be proceeded with, with all possible expedition, by service personnel.

Mr. Green: How long will it take?

Mr. Claxton: A matter of days or weeks, rather than months.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Friday, May 2, consideration of the motion of Hon. Douglas Abbott (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Macdonnell (Greenwood).

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, when the house adjourned on Friday evening I had begun to make a few remarks concerning the business now before the house. At that time I dealt with the question whether second sessions were necessary on the two occasions on which they were held, and whether the remuneration for members of parliament was adequate or otherwise. I made my position clear, and I am not going to pursue the subject further.

There is another matter about which I want to say a few words at this time. The press and members of the house have commented on a speech made in the house by the hon. member for Moose Jaw (Mr. Thatcher). I make my observations now because I know that when the next election rolls around there will be a united front of Liberals, Progressive Conservatives, and any others who may be opposing us, supported by a copy of that little bible, *Hansard*, in their hands, trying to prove to the people of Canada that the C.C.F. generally is opposed to social security.

I want to make this clear, that the member for Moose Jaw as a citizen of Canada has a right to say what he likes; but when the member for Moose Jaw accepts the responsibility of running on a ticket and supporting a program that has certain basic principles, he is expected to conform as closely as he can to those basic principles.

There is all kinds of room for quarrelling on many matters—and I think I am a pretty good example of it myself, because I have stood in the house on many occasions and discussed matters concerning which other members of the group did not see eye to eye with me. But those matters did not have to do with the basic principles of the movement.

I do not expect the hon. member for Moose Jaw to think as I do, and I do not expect to think as the hon. member for Moose Jaw does. We are all more or less creatures of our environment; we are conditioned by it. There is considerable difference between my background and early environment and that of the hon. member for Moose Jaw. And when we see two people thinking exactly alike we know that there is only one of those people thinking, anyway. So this kind of controversy does not do any harm.

I am not concerned about what the hon. member said; he has a right to say it. But when a member gets up in the house and makes a speech such as that made by the hon. member for Moose Jaw, setting forth certain proposals that presuppose a reduction in expenditures, and so on, then that speech is at least subject to analysis by other members. It is the analysis he made, and the economies it was supposed to bring about, with which I am now concerned.

On Friday night I dealt with his proposal that no second session was necessary. While the hon. member did not give many reasons why there should not be a second session, on

Friday evening I gave many reasons why I thought a second session could hardly be avoided.

His second proposal to save money is one with which I completely disagree. For example, he said in no uncertain terms that broadcasts to points behind the iron curtain should be discontinued, and in that way we would save a couple of millions of dollars. In my opinion the broadcasts being sent to points behind the iron curtain are one of the most important parts of our national defence set-up. In my view of Europe today, Russia is in much the same position as Hitler was in when we invaded Europe. It has expanded to a point where I am pretty sure it will find it difficult to police the whole territory while continuing to maintain its machinery of production. I believe Stalin is in the position of the fly that has captured the fly paper: he is there, but he is stuck with it.

The only assurance millions of people behind the iron curtain have is that which is conveyed to them in these broadcasts, indicating that there are people on the outside of the curtain who have an interest in them.

Some day, either by means of negotiation or otherwise, there will be deliverance for them. I think it would be one of the most disastrous things that could happen if these broadcasts to points behind the iron curtain should be discontinued.

The hon. member made some other miscellaneous recommendations which did not amount to very much. I am just going to deal with the major ones where he thought that some money could be saved. He said that post offices, wharves and drydocks should be cut to the extent of some $20 million. I can understand the hon. member making that recommendation because there are not many docks or wharves on the prairies. I am sure we have all heard the hon. member for Saint John-Albert (Mr. Riley) stressing the necessity for improvement, expansions and extensions of the facilities at Saint John, and I have no doubt Halifax is in the same position as well as other eastern Canadian ports. The renovation and improvement of post offices right across the country is badly needed at the present time. I do not think the hon. member thought the matter through very much when he chose those particular items as offering a saving of $20 million.

Then he proposed that the civil service should be cut by five per cent. I suppose anyone could get up here and say that there are too many civil servants and therefore they should be cut by ten, fifteen or twenty per cent, but the hon. member did not present any valid reason why any reduction should be made. To cut the civil service by five per cent would mean a reduction of about 10,000 right across the country, but the major reductions would be made here in Ottawa. Those reductions would not be made at the top levels; we would find junior clerks, filing clerks and perhaps some stenographers being relegated to the streets. What would happen to them? They would have to go on unemployment insurance. I certainly would not recommend the cutting down of any service which would mean the throwing into unemployment of those who are barely making the means of livelihood, barely making enough to pay their rent, buy some clothes and get a bite to eat. I am certainly not prepared to accept the recommendation that a particular classification in the civil service should be reduced unless I can be presented with facts and figures to show what money will be saved and what is going to be done with the money saved. I am opposed to that recommendation.

The hon. member also suggested that transport be cut by five per cent. We have the board of transport commissioners, and in addition we find that this department handles aids to navigation, telegraph lines, telephone lines, airports, and many other things. I cannot see how the personnel of that department could be cut. In my own end of the country I would think that the different branches of this department need more employees. I cannot understand why the hon. member for Moose Jaw picked on that particular department.

The hon. member proposed that there be set up a commission similar to the Hoover commission for the purpose of pruning government expenses, and all that kind of thing. Anyone who remembers the Hoover commission will recall that in summing up their recommendations they merely said that they were opposed to certain things because they added up to nothing more or less than liberal recommendations and liberal policies. I am sure that the hon. member for Moose Jaw does not want that kind of commission set up here for the purpose of pruning the civil service of this country and cutting expenditures. That is a job for the members of the House of Commons, and I for one am not prepared to hand it over to any commission.

Then the hon. member referred to old age security. We have had many statements to the effect that old age security should not be paid to people in the higher income brackets. However, I think the present arrangement is the best one. It would need a great number of additional personnel to cull out month by month those who were ineligible because of income; you would practically

have to duplicate the present number of employees in the department. The present set-up is the simplest one you could have. Much of this money comes back in taxes, in some cases more than is paid out.

The payment of $40 a month in many cases puts the recipients in a higher income bracket and when they are taxed on that basis you will perhaps get more than the $40 back. The present arrangement cuts down on the needed personnel and avoids many mistakes that would be made in checking and rechecking. I am completely opposed to that device for saving money, because I do not think any money would be saved. I think the hon. member for Moose Jaw was ill advised in picking on that particular thing. Exactly the same argument could be advanced in connection with his suggestion for reducing family allowances. If you placed the payment of those allowances on a "look and hunt" basis, as suggested by the hon. member for Moose Jaw, it would mean increased costs of administration.

That is all I want to say on that, but I thought it was necessary to say it. Practically every newspaper from one end of the country to the other has played up this theme during the last couple of weeks. We have Conservative members to our right, with Liberals to their right as well as in front of us, and they would all offer a united front at the next election in trying to prove that the C.C.F. did not believe in old age security, family allowances, and so forth. If I did not say something about it the hon. member for Coast-Capilano (Mr. Sinclair) would say, "You were in the house and you did not say anything; silence gives consent. Why did you not express your opinion then?" I am not expressing my opinion for the purpose of injuring the hon. member for Moose Jaw—he will learn as he goes along—but I did think it was necessary to make the points I have in connection with the recommendations he placed before the house.

In the time remaining at my disposal I want to say a few words with regard to a statement made by Mr. Donald Gordon, president of the Canadian National Railways, to a committee which was set up a few days ago and which has finished its work. Its formal report will be presented to the house within the next day or so.

The coal industry of Nova Scotia has been having a pretty tough struggle over the years. The government set up a coal board to supervise and assist the industry. Money has been lent for the purpose of mechanizing the industry in the Atlantic provinces. With all these things one would have naturally assumed that there was a future for the coal industry. Then Mr. Gordon came before the committee a few days ago and when I asked him some questions with regard to the use of diesel engines on the main lines east of Montreal he told us that they were going to use them one hundred per cent and that no steam locomotives were to be purchased.

The coal industry of the maritime provinces sells some 1,200,000 tons of coal annually to the Canadian National Railways. Mr. Gordon made it quite clear that that market for coal was going to shrink year by year. He said that at the present time they have a five-year program in effect, which began in 1951, and which will mean shrinkage of some 280,000 tons a year in that industry. I asked Mr. Gordon if that figure represented an annual reduction, and he said that was so, but the next day he amended his statement somewhat. However, to my mind he did not amend it in such a way as to alter his first statement. His last statement was rather ambiguous. It was not very clear, and I am still sticking to the figure of 280,000 tons as the annual amount of shrinkage, beginning in 1951, in the market for maritime provinces' coal.

This situation has caused a lot of apprehension in those provinces. I have in my hand an article that appeared recently in the Halifax *Chronicle-Herald* containing a statement of Mr. L. A. Forsyth, president of the Dominion Steel and Coal Company, with respect to the year 1951. Mr. Forsyth says that there has been a steady decline in the production of coal, and that the coal industry is facing a crisis at the present time. On the other hand there is an encouraging feature about his report. He said that while the production of coal was going down, the production of steel was improving. He said that the steel position was much better from the standpoint of profits and production than it ever has been in the history of the corporation.

It would appear that there is going to be a swing in the base of the economy of Nova Scotia from coal to steel. In my opinion that is a good development, because the coal industry not only faces the loss to oil of the Canadian National Railways market for coal, but also faces the threat of natural gas from Alberta. Last year the house passed a bill giving a pipe line company the right to pipe natural gas from Alberta into Quebec city and greater Montreal. Natural gas can replace coal in the domestic field, and in the whole industrial field, with the exception of the production of basic steel. Therefore, in addition to the shrinkage in coal production because of the loss of the C.N.R. market to oil,

in a few years' time we are going to be faced with the problem of meeting the competition of natural gas.

I said that I thought the swing in the economy from coal to steel was a good one. As the production of steel increases, it will create an additional demand for coal, because basic steel cannot be made without coal. I think the whole future of that industry in eastern Canada depends on the extent to which the government is prepared to assist the industry and encourage it in the creation of that new base for the use of Nova Scotia coal. In addition, a lot of consideration should be given to the establishment of subsidiary fabricating and steel plate industries. Such industries, as we lose markets to oil, as in the case of the Canadian National Railways, and to natural gas from Alberta, which will cover the provinces of Quebec and Ontario, would then be able to take up the slack of what we lose in these other fields.

I have no illusions about the period through which we are passing. Anyone who has watched the situation closely will realize that the world is in a transitional period of a new industrial revolution. I believe that ten years from now we shall be having similar discussions in the house about the threat of atomic energy to fuel oil, natural gas and other fuels. We are now in the transitional period of swinging from one basic fuel to several others that are more economical, and I think there are things that the government can do during that period to lessen the shock to the areas that will be affected by new technological advances. Do not make any mistake about it; I am not arguing against technological advances. They are inevitable, and I hope that as a result of them every miner who has to work underground in order to earn the means of livelihood will be able to come up to the surface and secure employment where he will be able to get some fresh air and sunshine and prolong his life for a good many years rather than have to work underground, whether in a rock or coal mine, where he is subject to health and accident hazards.

I am not arguing to keep the coal miners down in the mines, but I recognize the fact that these men now have a means of livelihood there, and that money is invested in these operations that are being displaced. There should be a transitional program when markets are being lost because of such advances, and people living in these areas should be given a chance to protect their investment. They should be given the opportunity to secure employment in order that they may live, eat, wear clothes, have homes and pay taxes. The man in the street, who could contribute to the pool of wealth, is not much good to the country if he is just walking the street and drawing something from the pool without contributing to it.

Considerable encouragement is to be found in the research that is now being carried on. I noticed another article in the *Chronicle-Herald* with the heading, "Coal Research Program Reviewed by Experts, Progress is Reported." A search is being made for other uses for coal rather than just burning it and letting it go up the chimney in smoke. That is encouraging. One never knows what may come out of it. The Halifax *Chronicle-Herald* suggests, and I think rightly so, that in the transitional period it may be necessary for the coal board and the government to get together and decide whether more assistance is not necessary for the industry until such time as the picture is clearer. The subventions were fixed some ten years ago. They are statutory, and in the light of the new circumstances, the drop in production and the worsening of the position with respect to markets, it may be necessary to sit down with the coal operators, have a look at the subventions and see whether additional assistance is not necessary.

There is another encouraging feature, as pointed out by Mr. Gordon before the committee. I refer to the good future in Canada for gas turbines, as reported by a Vickers engineer. Research is going on, and it may be possible that the diesel will be displaced by the gas turbine engine which will burn coal. All these things are encouraging. I raise the question at this time because the government has a huge investment in the coal industry. For instance, the government has made a loan of $375,000 to the Avon Coal Company. The Dominion Coal Company has a program of mechanization under way at the present time which will cost $13 million when completed. To that end a loan of $7,500,000 has been advanced by the dominion government to this company. Four Star Collieries Limited has a loan of $100,000 from the dominion government.

If the industry is as shaky as indicated by Mr. Gordon and Mr. Forsyth when reporting to his board of directors, I find it hard to understand why the government would lend such a large amount of money to an industry whose future looks so bleak. I do not think it is as bleak as it looks, and if there is a proper approach to the problem by the government, the coal board, the operators and the miners themselves, the industry has a future in the production of steel. The logical place to expand the production of steel is in that part of the

country. The logical place to do some fabrication and to have some subsidiary industry built around steel is in that part of the country. All the ingredients necessary to make steel are there, with iron ore ninety miles away, coal within ten miles of the steel plant, and a huge establishment there with many trained personnel in the community, many of whom are unemployed at the present time. I hope the Minister of Mines and Technical Surveys (Mr. Prudham) with his coal board will keep in touch with those responsible for the operation of the industry and with the miners themselves so that while this transition is taking place during this new industrial revolution the shock of displacement will be lessened as much as possible.

I am sorry I had to take this much time for the second time in this debate, but I did feel it necessary to deal with the two subjects on which I have spoken.

(Translation):

Mr. P. L. Dubé (Restigouche-Madawaska): Mr. Speaker, I avail myself of the occasion offered by the debate on the budget to inform the government that I have received a large number of representations from my constituents, asking me to take steps with the proper department so that the sums paid out under the Family Allowances Act as well as the Old Age Security Act be increased to compensate for the high cost of living.

I do not hesitate to declare, Mr. Speaker, that family allowances and old age pensions should be raised in proportion to the cost of living—as was done for the whole salary scale—so that these social services, so well initiated by the present government, may be appreciated as fully by every Canadian mother as they have been in the past. Family allowances, after all, are given to mothers as a salary, to help them improve their children's food and shelter.

I sincerely believe, therefore, that family allowances should be increased, since it is food especially—milk and meat, for instance, which are essential for a proper diet—and the price of rents and heating that have gone up the most.

A single person can find a room close to where he or she works. The head of a family cannot. He has to find a house—children are no longer admitted in apartments—and he must pay heating and transportation, the cost of the latter having almost doubled these last few years. A single person can balance his or her budget, but the head of a family cannot, with prices being what they are. One need only inquire at the banks and loan companies to know or to find out in what state of anxiety some householders are living today.

I also ask the Minister of Finance (Mr. Abbott) to give consideration to heads of families who send their children over 21 years of age to a university. I do hope the minister will take into consideration the remarks I am now making and that he will see to it that an exemption is granted to the heads of families who are doing their utmost to have their children educated and thus give Canada a pick of young people who will be a credit to our country. Many fathers are obliged to withdraw their children from schools and colleges because of a lack of co-operation on the part of the authorities of this country.

Mr. Speaker, I shall conclude by saying that I was very much surprised to learn that family allowance and old age pension cheques are bilingual only in the province of Quebec. I think it is my duty to draw the attention of the Minister of National Health and Welfare (Mr. Martin) to the fact that I have already received several requests from people in my province asking me to urge the minister to have all cheques issued in both official languages.

I believe they are entitled to demand this, for it is one of the prerogatives recognized and granted by the British North America Act of 1867. In the name of all my constituents, I therefore ask the Minister of National Health and Welfare to remedy this situation which has been in existence for quite a time, in order to be fair to all without prejudice to anyone.

(Text):

Mr. H. W. Herridge (Kootenay West): Before this debate concludes, Mr. Speaker, I should like to make a few observations, particularly after listening to the speech of the hon. member for Dufferin-Simcoe (Mr. Rowe) Friday afternoon, during which we heard his humorous auctioneering of mid-Victorian tax policies. The hon. member said time and again that the power to tax is the power to destroy and in that connection I want to bring to the attention of the house the position of this group in respect to taxation; for this group believes the power to tax is the power to distribute.

Before proceeding I do want to say for the information of the parliamentary assistant that I for one appreciated receiving the

booklet, "Budget Papers", giving an explanation of the budget. It is a most useful document for members of this house who want to understand clearly the implications of the budget, many of which they would be unable to understand without the assistance of the explanations given in the booklet.

As I said a moment ago, I wish to make a few observations on the point of view of this group with respect to taxation; the philosophy of taxation, shall I say, from the point of view of this group. As we see it the purpose of all income taxation is to obtain a redistribution of the national income and to pay socially for certain services which cannot be properly provided by the individual. I think a review of history will show that larger budgets have almost always provided a greater redistribution of income for the lower income groups through some form of social service, welfare service or government service. As socialists we have no hesitation in saying that we believe income taxation the fairest form of taxation yet devised by the parliamentary system. As socialists we are concerned that expenditures shall be useful and socially desirable. Secondly, we are very much concerned that the money voted by parliament shall be spent efficiently and without waste. I think that is evidenced by the desire at all times on the part of members of this group to examine and inquire carefully into the expenditures provided for in the estimates. I am pleased to see that we have at least half the hon. member for Comox-Alberni (Mr. Gibson) in the chamber at the present time.

Mr. Gibson: It is a pleasure. I was wondering if the hon. member was speaking for the hon. member for Moose Jaw (Mr. Thatcher) in connection with these questions of taxation.

Mr. Herridge: I do not intend to reply to facetious remarks. Regardless of the fact that the hon. member for Dufferin-Simcoe emphasized that taxation is the power to destroy, I am sure no one would wish to return to the days of small budgets and no income taxation in this country. Just for a moment or two I want to review the history of income taxation as it has evolved in Great Britain, the United States and Canada over the last hundred years.

Great Britain has had some form of income taxation for over a hundred years. It was given effect to at the beginning of the nineteenth century. It was dropped. It was given effect to again, and again dropped. As a matter of fact there was no effective form of income taxation in Great Britain until the concluding days of the nineteenth century.

What did we have when we had these small budgets, when budgets were supposed to provide only for the army, the navy, the police and the bare necessities of government? We had the industries of Manchester, with the Lancashire cotton mills making the largest percentage profits in history in relation to the total capital investment. At the same time we had poverty and slums. We had the coal mines in Lancashire and in Wales also making the largest profits in modern commercial history in relation to the investment, and at the same time we had child labour, hovels and squalor. At the same time we also had the great landowners in Great Britain, with their large returns, their elegance and their security, with farm labourers being paid a wage that provided a bare existence. The adoption of a measure of income tax in Great Britain in the latter days of the nineteenth century was also the beginning of the first form of social welfare legislation in that country.

If you read the records of the British parliament, of the American congress or our own *Hansard* you will find that large corporations and wealthy individuals fought the imposition of the income tax and described it as unethical and financially unsound. Repeatedly was heard the slogan that taxation is the power to destroy. You find that in the records of the British parliament. Another slogan was that the income tax was a method of soaking the rich. Those slogans have been in existence since the first liberal or reform-thinking people conceived of an income tax as a fair form of redistributing the wealth.

When we come to the United States, what do we find? Income tax proposals were advanced in the congress of the United States in the latter days of the nineteenth century and they were fought vigorously. Prior to the bringing in of income tax legislation we had the meat packing industry and the steel industry, making enormous profits, slums in Chicago, slums in Pittsburgh, and poverty, fortunes in railroad building, fortunes in land speculation, fortunes in grain speculation while farmers were robbed of their fair share of the national income and left in a most insecure position.

As I read the record, in the United States congress in 1894 attempts were made to pass legislation providing for income tax in that country, and the same people who say that taxation is the power to destroy, when income tax is mentioned, were the people who termed that legislation as a "communistic socialist march". I am exceedingly glad that we have

gone a long way since that time. However, as a result of the efforts of the people who really saw that income tax provided an opportunity to redistribute wealth under capitalism, on July 12, 1909, a joint resolution was passed by both houses of congress recommending a law to levy an income tax. Yet we find even in the United States during the depression, former President Hoover still pleading with congress for a small and balanced budget and for a paring of expenses to the bone in an effort to protect investments and to protect capital. At the same time the standards of living in the United States fell to a disastrous level.

What is our Canadian experience? I think the income tax was first given effect to in Canada during the first world war, owing to the necessity of raising an unusually large amount of revenue with which to prosecute the war. From that time on it has been more or less generally accepted, although the rates were fairly low until recent years. But what happened in Canada? The point I wish to make, Mr. Speaker, is that a person's attitude towards taxation reflects one's attitude to life.

We can remember the depression budget of Lord Bennett in 1931, and what happened. Still in the belief that taxation is the power to destroy; still in the belief that one must reduce expenses, must pare them to the bone and must consider investments before human beings, in the budget of 1931 income tax was increased in the medium brackets but was reduced in the higher brackets, sales tax was increased from one per cent to four per cent, and there was an increase in postal charges in Canada.

What was the result of that taxation philosophy? We had thousands of single men unemployed in this country and receiving twenty cents a day in relief camps. Many farmers across Canada lost their farms to mortgage companies and many small businesses went into bankruptcy. All of that happened just because of that approach to the question of taxation and the desire to protect investments. That was done sincerely because those in control believed that investments were the bedrock of security in the country and therefore there was this policy to protect investments.

Mr. Brooks: May I ask the hon. member a question?

Mr. Herridge: Certainly.

Mr. Brooks: Does he believe that the depression had anything to do with it at all?

Mr. Herridge: Certainly I would not blame any government for the total effect of the depression. It was a world-wide depression and it affected our external markets and so on. But I think that a different taxation policy, with the use of the national credit, would have made it possible during the depression to employ people—at building houses and doing constructive things in Canada which would be useful, and which would be much appreciated at this time—rather than to pay men twenty cents a day in relief camps.

That is all I am going to say in that respect, Mr. Speaker, except that recently I was reading a book on taxation—and I thought it was a good one—entitled "Taxation for Prosperity", by Randolph E. Paul. I want to quote briefly from that book, because I think in one paragraph is to be found an excellent statement of a philosophy so far as the purposes of taxation are concerned. At page 207 of this book I read:

> What is required is that we build a tax system which is intelligently directed toward creating and maintaining the kind of world we want. The basic struggle hinges on our choice of worlds. The later, and more technical, struggle is concerned with means to the desired end, that is, the specific taxes we select. The battleground of conflict will not always be sharply delineated. The critics of particular taxes frequently say one thing and mean another. The real objection to a tax may be that it tends to produce the kind of economic or social order which its opponent does not want. But the critic does not always speak out in such ultimate and candid terms. He pleads that the tax will not produce revenue, or cannot be administered, or that taxes should not be used to promote social and economic results. Even while his objection is premised on fear that a particular tax will have unwanted social and economic consequences, he may deprecate the notion that taxes can produce such effects. But we need not let our thinking be confused across levels. The fundamental question is always the kind of world we want; our choice of taxes is always a selection of means to that end.

That is why we in this group believe that income taxation provides an opportunity under capitalism for the redistribution of wealth. That is why we in the C.C.F. have pioneered the fight for universal old age security without a means test; and we will continue to do so because we believe it is still sound and practical. That is why we in this group have continued to support proposals for all the nation's children to receive family allowances without a means test, and will continue to support those proposals.

The hon. member for Cape Breton South (Mr. Gillis) made some reference to old age security and family allowances without a means test. He mentioned that there was some saving in connection with administration costs. We support these proposals because we believe that the return of payments by those in the higher income brackets in connection with old age security and

family allowances, after a very close examination, show that there is no loss to the treasury, but a great saving, as the hon. member for Cape Breton South (Mr. Gillis) said, in the administration costs of this legislation. That is why the C.C.F. continues to fight for an adequate and sound superannuation scheme for all our civil servants—I might say at this point, including some persons who work as stenographers in the House of Commons or for parliament, and have done so for a good number of years. They should have the opportunity of being retired on a decent pension. Some are working now only because there is no pension in existence. We believe they are entitled to that, and that this country is quite willing and able to provide it.

I might also say that is why we in this group support the practice of sending literature free to farmers. Business has its trade commissioners all over the world. Business is provided a great deal of service, the international trade fair, literature and other services. We certainly believe it is good policy to supply the farmers of this country with free literature, because it is a part of our educational program; and secondly, this literature has been and will continue to be of great assistance to promote increased production. I know that as far as I am personally concerned, and many of my neighbours, we have found this literature most valuable. To illustrate, Mr. Speaker, I am going to tell the house a story. We had in our district a very estimable English settler. When many of our settlers came out they had not been farming before, and they were somewhat new to Canadian conditions, and did many things that any farmer would not do, and which they corrected as a result of experience. I remember this friend of mine, a fine gentleman, ordered 200 day-old chicks from a hatchery, and put them under setting hens. They gradually began to die, until half of them had died. He wrote to the local poultry inspector for his advice and information. The man came and examined them and said: "Are you doing this and doing that?" He finally asked: "What are you feeding these chicks?" My friend replied: "Why, feeding them, you silly ass, doesn't the mother feed them?" My point is this. The man wanted to get some information. The inspector said: "If I were you, I would write to the Department of Agriculture; you can get a bulletin there on any subject." He wrote to the Department of Agriculture, and continued to write to the Department of Agriculture, and from then on he never made such glaring mistakes as that.

We in this group also consider that the overseas broadcasts are an instructive contribution to world understanding and peace. We consider them a good investment for the total amount involved. It at least shows that we in this country are trying to promote an understanding with the people behind the iron curtain. And since they do not have an opportunity to hear directly from us, they can hear from us in this way.

I now intend to make some criticisms of the budget. I may say before passing on to them that we in this group are not in the habit of asking for increases in old age security payments, increases in family allowances or increases in veterans pensions without being willing to get up at the same time and support increased taxation on a fair basis to meet those payments. Mr. Speaker, I have a few criticisms of the budget to make and they are mainly on the ground that something more could be done to equalize the burden more fairly on the Canadian people. We believe that the present income tax exemption should be raised from $1,000 to $1,500 for single persons and from $2,000 to $3,000 for married persons. Our leader dealt with this question on the occasion of his budget speech last year, and I want to re-emphasize his representations in that connection. We believe we are sound in this suggestion because business is allowed exemption for the cost of operation, repairs, depreciation and transportation expenses. Why not do the same things for human beings?

At this point I want to bring to the attention of the minister and of the parliamentary assistant a situation which exists in my constituency, and which I think must exist in many districts. I think this matter should receive some serious consideration by the minister. I am making direct reference to the employees of the Canadian Consolidated Mining and Smelting Company. Many of them live up to 25 miles away from their work, because of better living conditions and the opportunity to live in the country, away from the plant itself, and away from the congested city conditions. They drive back and forth night and morning to their employment. In fact, if many of them did not live at this distance there would not be housing for all the employees of that company. This is a considerable expense to these employees. They have co-operative societies. They own buses. Their transportation is actually provided at cost, as the result of co-operation. Thousands of these men have to travel some distance every day. I have had talks with quite a number of the men. They have also written to me and they have suggested that it would only be fair if they were allowed that cost of transportation to

and from work daily. They say it should be allowed as an exemption from their income for computing income tax. I do ask the minister to give consideration to their suggestion. I think it is fair. It is a cost which the men cannot avoid. It is a daily cost, and in the period of a year it amounts to a considerable sum. Once again I do urge that the minister give some consideration to permitting the men to charge these costs as an exemption before the income tax is calculated. As I said before, we make all kinds of allowances for business. Why can we not make the same allowances for the human machine? That is why we in this group suggest that the exemption for single and married men could be raised.

I think it would be quite fair for the minister to say: Where would we obtain the revenue that would be lost in increasing the exemptions to single and married persons? We in this group suggest there could be an increase in tax on the higher corporations; that we could have an excess profits tax according to the balance sheet of several of the large corporations in this country, and there could be increased rates of taxation on the higher incomes, and there could be very fairly a capital gains tax. There are gains in the sales of stocks; there are gains in the quick turnover of real estate and there are gains in parimutuel betting and lotteries, and things of that sort. We believe that increases in these fields I have mentioned would counterbalance any money lost in increasing the size of the exemption for the people in the lower income groups.

In his speech the minister claimed that he had about reached the limit of corporation taxation in Canada. In that connection I want to quote briefly from two or three papers I have before concluding my remarks. I have in my hand the *Christian Science Monitor* of April 26. This paper contains a very interesting article entitled: "That Hum? —It's Canada, an intimate message from New York by Harry C. Kenney." I am going to quote three short paragraphs. This is an article written by an American about Canadian conditions:

> Yet, today, a country is mentioned—perhaps offhand in the course of business conversation—and suddenly a sparkle comes to their eyes. Their thinking sharpens. Their "built in" desire to accomplish bristles. That country is Canada. The word here is "watch it."

With that I agree. I continue:

> The country to the north is growing in importance and is expected to become one of the world's great industrial powers. Why? Because it has resources. This is what the industrialists and businessmen in this country are interested in. What is inspiring and hopeful to investors, financiers, businessmen, and industrialists here is that the Canadian government is ready to do business on fair terms. Federal controls are few and profits on investments have been exceeding investments in the United States due to a more favourable tax structure and the government's helpful attitude in the development of industry.

Then, again, in conclusion:

> One can almost see the skyscrapers of New York leaning to the north as the men who know scan a new horizon.

Then, I should like to quote from a magazine, *U.S. News and World Report*. This is the issue of April 18, 1952, and I place this on the record in answer to the minister's claim that the taxing of incomes of corporations has about reached its limit in Canada. At page 84 of the publication I find this:

> Corporation Taxes to be Reduced in Canada
>
> The personal income tax in the United States is much heavier.
>
> For example, a U.S. bachelor with a net income of $2,000 pays $311. A Canadian bachelor with the same income pays $170.
>
> It should be noted, too, that 31 American states and a number of cities impose income taxes of their own. There are no provincial or local taxes on personal incomes in Canada.
>
> Corporations, like individuals, are to get a slight reduction in tax rates under the new Canadian budget.
>
> The result will be that, so far as the central government in Canada is concerned, the top effective tax rate on corporations will be 45 per cent. In addition, there are provincial taxes of 5 to 7 per cent.
>
> Canada has no excess profits tax, and the new budget proposes none.
>
> In the United States, corporations pay a regular federal tax of 52 per cent, plus an excess profits tax of 30 per cent. The average federal tax is about 60 per cent. On top of that, 32 states impose relatively small taxes.
>
> So the Canadian corporation, by comparison, comes off fairly easily. Still, Mr. Abbott told Commons that the cut he recommended in corporation taxes was too sparing. He added:
>
> "Excessive rates of tax on corporate incomes, if long maintained, can do a grave damage to the economy as a whole, and if I had more leeway for tax abatement, it is to corporate and personal income tax that I would give first consideration."

I have quoted these two items in support of my argument that I believe fully the minister could increase exemptions on personal income tax, and recoup his revenue losses from an increase in taxation on larger corporations, from a limited excess profits tax, from an increased tax on higher incomes, and from the capital gains tax, without affecting the operations of any company.

As has been pointed out by previous speakers, we in this group are critical of the minister because of his failure to remove the four per cent floor on medical expenses. Surely the unanimous opinion of the house, as expressed by a resolution dealing with that subject, should have received more consideration. In conclusion may I reemphasize that this group believes in income taxation as a means to redistribute wealth, and we advance our suggestions as a practical and immediate step to that end.

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, during the time at my disposal this afternoon I propose to discuss in a thoroughly friendly way United States foreign policy, either as a means to lasting peace or as a means of interference with the establishment of lasting peace. In this connection I wish to quote from a speech which, it is reported, Mr. Woodward, United States ambassador to Canada, is giving in southern Ontario towns. This quotation is from an American publication called *Labour*, in its issue of April 26, 1952. This is what it says:

> Woodward, who is making a speaking tour in southern Ontario, emphasized that the U.S. is now striving "to promote conditions throughout the world which will make peace possible."
>
> He added: "In simple terms we must set up an environment in which peace can flourish. We need to provide economic and social aid to both the war-devastated and the underdeveloped lands, so that their peoples can satisfy material, social and spiritual needs.
>
> "We are not trying to establish an international dole. Self-help is the only way that people can grow. Our aid can only be a stimulus to the efforts of the peoples themselves. At the same time, we must extend the helping hand to those living at barest subsistence levels."
>
> However, Woodward continued, implementation of this policy cannot be accomplished by unilateral action alone. "The safety of every nation," he declared, "is bound to that of others. Collectively we can so organize as to prevent the fall of any single nation. For this reason, the U.S. has consistently supported the United Nations."

Further on in the report he states:

> "Yet, while we rearm, we remain determined not to neglect our own well-being or our program of preserving peace through economic aid to others. We know full well that our own security is intimately related to the economic strength of our friends."
>
> He reaffirmed the position of the U.S. towards the concept of collective action. "We do not go the path alone, we are fully conscious of the importance of collective action," Woodward asserted. "We will continue to support the United Nations. We will continue to develop the North Atlantic Treaty Organization."

The whole tenor of that report is highly commendable. Anyone reading it, or anyone listening to Mr. Woodward's speech, undoubtedly would be impressed with the idea that the United States actually is pursuing policies conducive to lasting peace. Mr. Woodward is manifestly sincere; of that there can be no question. He is genuinely sincere in the belief that his country is really striving to promote throughout the world conditions which will make peace possible, and to set up an environment in which peace can flourish. Mr. Woodward is convinced, when he says:

> "We know full well that our own security is intimately related to the economic strength of our friends."
>
> "We do not go the path alone, we are fully conscious of the importance of collective action. We will continue to develop the North Atlantic Treaty Organization."

[Mr. Herridge.]

Mr. Woodward is confident that his country will be working toward the laudable objectives he envisages when, and so long as, it will continue to support the United Nations and to develop the North Atlantic Treaty Organization.

I wonder if Mr. Woodward has had time to study fully the meaning of the United Nations and the organization known as NATO. I propose now to devote a little time to the consideration of those two organizations.

This parliament in 1945 rushed into the acceptance of the United Nations, little realizing just what it was running into—just as it rushed into the acceptance of Bretton Woods, with hardly anyone, with the exception of the Social Crediters, dreaming of what that agreement involved. Most members are only now beginning to find out what kind of noose we put our heads into when we accepted those two commitments.

Now parliament has rushed into the NATO organization with very little real comprehension of what that organization stands for or involves; so far as I know it has never been explained to us in elucidating detail. Does Mr. Woodward know that if not specifically stated it is clearly implied, in the United Nations charter, that that charter is, in essence, a glorified embodiment of four most pernicious concepts? This will come as a surprise, not only to Mr. Woodward but I imagine to nearly all people in the United States and in Canada including members of this house.

Those concepts are: First, the unconditional most-favoured-nation clause designed to be expressed in, and enforced through the international trade agreement and the international trade organization.

Second, the unlimited pursuit of favourable trade balances with no practical assured provision whereby the victims of the process can possibly liquidate the international debts inevitably imposed and saddled upon them by the more favoured nations while those favoured nations are achieving favourable trade balances, the working out of this mischievous concept and its devastating effects being by its United States advocates called by the deceptive euphemism "expansionist policy".

Third, an internationalist world federation headed by, controlled by and ultimately dictated to by, the United States of America, and the United States of America alone.

Fourth, an international gold standard expressed in and enforced through the international monetary fund provided for in the Bretton Woods agreement.

If my time will permit I intend to develop adequately each of these four pernicious concepts and show the accuracy of what I have said concerning them. If not, I shall endeavour to cover briefly with some degree of adequacy these important aspects of the international situation as they confront us today, and point out, or at least imply, how hopeless it is for people who are pursuing policies such as are embodied in the United Nations charter to obtain a lasting peace.

What evidence can be adduced to establish my contention that the United Nations charter does embody principles based upon these four pernicious concepts? May we deal with each of these concepts in turn? I should like to quote from a book of great value called "The British Declaration of Independence," which is a recent work by Henry Drummond-Wolff, one of the most able students of our times, and critics of our ways. On page 34 he said:

> The structure of the United Nations is determined by the most-favoured-nation principle and expansionist policy. The organization forms the nucleus of international federation and is situated in the United States.

Mr. Drummond-Wolff is famous for his brevity and conciseness; he is famous for the amount of information which he can crowd into a few words.

This quotation definitely conveys that the most-favoured-nation principle is designed to be the determining factor in shaping the policies of the United Nations. The international trade organization is one of the specialized agencies of the United Nations. All the proceedings of that organization up to the present time have indicated that the sole objective behind the authors and designers of the international trade organization was to destroy the principle of imperial preferences throughout the British empire and prevent that principle being applied by other nations.

Hon. members who did me the honour of listening to my remarks on April 9 or of reading my speech will remember that I pointed out that it was the determination by the United States to prevent Japan from using preferences in her dealings with China, and the equal determination by Japan that she would use preferences because she had to in order to live, that brought on the war between the United States and Japan in world war II. As I pointed out on that occasion, this is a desperate matter to everyone who is anxious to establish peace in this world of ours.

In the course of the endeavours to establish the international trade organization hon. members will recall that conferences were held at Geneva, Havana, Annecy and Torquay. The United States representatives at those conferences seemed to be actuated by only one motive, to beat down imperial preferences. They wanted to beat down the tariff protection of other nations but at the same time maintain their own tariff protection at a level high enough to enable them to use that device in conjunction with the various other techniques which they employ to hinder imports from coming into the United States, to keep out goods from almost any nation in the world. All these conferences indicated with abundant clarity the type of thinking that actuated United States leaders. They were all for the elimination of preferential tariffs and bilateral agreements.

That ought to be sufficient to establish the first of my four points. If the international trade organization was to be one of the specialized agencies through which the United Nations was to work, and if the objective of that organization was to eliminate imperial preferences and the use of preferences throughout the world, then beyond all shadow of a doubt the objective of the international trade organization and everything pertaining to it was to jam down the world's throat the unconditional most-favoured-nation clause.

Those who are interested in this matter will find some profit I believe in reading my speech on April 2 in which I discussed the unconditional most-favoured-nation clause with the object of enabling people out in the country and on farms to get some idea as to what this thing was all about and how it would work.

The quotation which I have already read establishes the accuracy of my statement to the effect that the United Nations charter embodies the freedom for a nation adequately powerful to pursue unlimited favourable trade balances. This freedom to pursue unlimited favourable trade balances is what the United States calls an expansionist policy. The ordinary individual reading about expansionist policies will surely say, "I believe in an expansionist policy; certainly I do." But what is the use of our believing in an expansionist policy when the only nation that can actually expand unlimitedly in accordance with that concept is the United States? What the United States was actually standing for was an expansionist policy primarily if not wholly for and in behalf of the United States.

As an illustration which will help us to think a bit concretely about this matter, in 1947 the United States exported between $11 billion and $12 billion of goods more than she imported. It must be obvious to anyone that it is utterly impossible for the people of the world to live in a community of nations in which the United States is free to go on doing that kind of thing indefinitely, with no

check, no balance, no restriction, no means to rectify the wrong which is being committed. There is no way whereby this $11 billion or $12 billion can be paid off.

I turn to the third principle. The quotation I gave a while ago establishes the soundness of my contention concerning a dictatorship under an internationalist federation ruled by the United States. The foundations of this mechanism were laid in the Dumbarton Oaks conference meeting in two sessions, first, between Russia, the United Kingdom and the United States from August 21 to September 28, 1944, and second, between China, the United Kingdom and the United States from September 29 to October 7, 1944. Those who wish to check on this point may refer to page 263 of the World Almanac for 1952.

Chapter 1, section 1, of the Dumbarton Oaks proposals for a joint international organization reads as follows:

> The purposes of the organization should be to maintain international peace and security; and to that end to take effective collective measures for the prevention and removal of threats to the peace and the suppression of acts of aggression or other breaches of the peace.

This may be checked by reference to the United Nations conference on international organization, volume 3, page 2, to be found in our own library.

Could anyone imagine more convincing proof of dictatorship objective with the United States telling the world what to do, than we see developing in the NATO organization? There is only one authority in the world that is trying to tell the other nations what to do, and that is the United States. She is not only telling them what to do but is forcing them to do it by every economic means at her disposal, and she has an abundance thereof. We see the thing working out. We heard a member of the house talking in favour of it only the other day.

There remains my assertion that the United Nations charter embodies an international gold standard under the international monetary fund. Is that assertion based upon truth and sound logic? In order to establish what I want to say I must read an authority whom I think everyone will find beyond any question whatsoever.

First, however, let me recall for the house that the Bretton Woods agreement was one of the first specialized agencies established by the United Nations. In fact the Bretton Woods agreement was all settled and signed by a conference in July, 1944, before the San Francisco conference of 1945 took place. We in Canada merely rubberstamped, during the dying hours of the fall session of 1945, what had been done at the Bretton Woods conference. Members of the house would not even listen to any kind of reasoning as to the recklessness of our behaviour in thus dashing into acceptance of this dangerous document, a document to be proved even more and more dangerous as the days went by.

In support of what I have said concerning the Bretton Woods agreement and the gold standard I should like to read now from an article written by Paul Einzig, one of the most brilliant and authentic young economists in the world today. The article I am reading is taken from the April 7, 1945, issue of a periodical published in Toronto, Canada, in those days, under the name, *The News*. Here are the words:

> It must be clear to those who understand the meaning of the report of the Bretton Woods international monetary conference, that the experts of forty-four nations have agreed on a return to the gold standard after the war. Unfortunately, very few laymen can possibly understand the report. If the public were to realize what it is being led into it would raise its voice in a powerful protest, instead of allowing the experts a free hand to do their worst, as they did in 1925.

That is, when England went back to the gold standard after world war I. I continue:

> Some weeks ago Lord Bradbury, in a letter to the *Times*, complained that the previous joint statement of the allied experts on the post-war monetary system, which was published in April, so far from being plain English was hardly even English at all. Yet that document was clarity itself compared with the tangle of tricky technical clauses contained in the final draft of the experts' plan of the new gold standard. These clauses conceal from the British public the fact that, for the second time within the life of the present generation, sterling is going to be linked with gold, this time much more rigidly even than nineteen years ago.
>
> In 1925 the gold standard was, at any rate, restored in the full light of publicity. The public knew what was happening. It had only itself to blame for having failed to heed the advice of the lone voices crying in the wilderness—that of the *Daily Express* prominently among them—warning the country against the consequences of the proposed step. In 1944, on the other hand, the public is only too well aware that a return to the gold standard would be unmitigated evil, spelling ruin and misery. It would now be politically impossible to reintroduce the gold standard openly. But it is being introduced just the same, this time in disguise, under another name. The public is lulled into a false feeling of security by being told again and again that the new system is not the gold standard.
>
> And the text of the measures with the aid of which sterling is supposed to be wedded to gold has been made so obscure and complicated that even the expert, with the specialized study of a lifetime behind him, has to read it many times before fully grasping its true meaning. Yet, once the plan is translated into intelligible English and is denuded of all camouflage, every layman of normal intelligence is bound to realize that it is the gold standard, the full gold standard, and nothing but the gold standard.

Admittedly, it is a different gold standard from the one we abandoned in 1931, just as the gold standard adopted in 1925 was different from the one suspended in 1914. But the changes are, for the most part, considerably for the worse.

That is striking enough, is it not? I do not know whether or not members would be prepared to accept readily the words of Paul Einzig. There is no greater authority on monetary matters, national and international, than Paul Einzig, but in case they might desire a little more evidence on this matter of Bretton Woods I should like to quote the words of Mr. René Léon in his book, "Bretton Woods". The passage from his book is found in a very fine book called "The Awakening" by L. S. Amery, published in 1948. It reads as follows:

Under conditions of extreme readjustment, social, political and economic, can expansion of trade and also balance be achieved on the basis of fixed exchanges? My answer is, No . . . To harness world economy to static exchanges at such a time and under such conditions is to stifle action and obstruct reaction, because it is by their very fluctuations that the exchanges create those correctives which make for balance in international trade relations. . . . Fixed exchanges are the conduits through which economic ills will flow and spread across national boundaries. They will shackle the weak economies to the strong, and debilitate the strong without strengthening the weak. The sum of all economic activities will be a gravitation downwards towards a generally lower standard of life all round . . .

I leave that for hon. members to take at face value. It is perfectly clear that what Mr. Léon foresaw is occurring today. In spite of the fact that we are engaged in a cold war and preparation for war on a huge scale, we still see danger signs of the breakdown of the system we are trying to make operate.

I believe I should quote one more passage from Paul Einzig's work because it is of such value to all those who are really interested in trying to see their way through the difficulties of our times. Speaking of Britain he says:

But let the reader judge for himself from the following facts:

(1) Under the old gold standard the value of sterling was legally fixed in terms of a given weight of gold. This will be precisely the same under the new gold standard.

(2) Under the old gold standard our monetary authorities were under the obligation to buy and sell gold freely at a fixed buying and selling price. This will be the same under the new gold standard, with the difference that gold will not be available for internal hoarding.

But then even under the gold standard of 1925 the authorities had the right to call in hoarded gold in excess of 10,000, so that this difference is not very important.

Under the old gold standard sterling was allowed to fluctuate within a range of about 1 per cent. Under the new gold standard its range of fluctuations has been rigidly fixed at 1 per cent.

Under the old gold standard there was no limit for the fluctuation of the price of sterling for future delivery. In this respect the new gold standard is much more rigid, for under it a limit will be set also to the fluctuations of "forward" sterling.

When, before 1931, Britsh export trade was handicapped by the unduly high exchange value of sterling, the cheapening of the price of "forward" sterling bought in advance by foreign importers to pay for British goods to be delivered later provided some relief. Under the new gold standard there can be no such relief.

I have several other quotations along this line with which I do not think I will burden the house; but those facts which Paul Einzig has given concerning the Bretton Woods agreement and its application in Britain must be evidence beyond question that as far as exchange is concerned things are far worse under the United Nations, with its Bretton Woods gold standard agreement, than they were before.

I am sure Mr. Woodward will read these remarks of mine, and I want him to know that I have the kindliest feelings toward him and his nation, but I do hope they will discover the error of their ways before it is too terribly late. I would like to ask Mr. Woodward, whether or not he thinks the four principles or four concepts I have indicated as being in operation in the world under the United Nations charter are conducive to world peace. I would ask him how in the world he believes they can be. I may say more about that.

He may doubt the prevalence and the ill-effects of the unconditional most-favoured-nation clause. I would invite him to recall with me certain facts about his country's history since the beginning of world war I. These facts taken together and appropriately related to each other will, I fancy, tend fully to convince him that ever since at least as far back as January 8, 1918, the unconditional most-favoured-nation clause has been a guiding consideration in drafting United States foreign policy pertaining to trade.

On January 8, 1918, President Wilson, in a speech before congress, made a statement of the war aims and peace terms of the United States, enunciating his famous fourteen points.

The third of those fourteen points was worded as follows:

The removal, so far as possible, of all economic barriers and the establishment of an equality of trade conditions among all the nations consenting to the peace and associating themselves for its maintenance.

That unquestionably is a call for the unconditional most-favoured-nation clause. Let me adduce in this connection some evidence that I believe deserves respect. I refer to "The Commonwealth" a relatively recent work written by the British economist, Henry Drummond-Wolff, to whom I have already referred, published recently by Hutchinson

and Company, London, New York, Melbourne, Sydney and Capetown. From page 9 I quote:

In 1922, the United States, having become the principal creditor, changed its traditional most-favoured-nation policy from the conditional to the unconditional form.

And on the same page:

The effect of this change was described by the economic committee of the league of nations on September 12, 1936, in the following terms:

"The United States adopted the principle of the unconditional clause, but as they did not at the same time adopt a policy of tariff agreements the clause—for which they invariably pressed—enabled them to continue to impose duties, which were in some cases prohibitive, without fear of discrimination, while they had the benefit of all concessions made to one another by other countries.

And again from page 9:

In April, 1925, the chancellor of the exchequer, Mr. Winston Churchill, restored the gold standard. Western Europe was exposed to dumping from the Soviet union and to imports of low cost surpluses from the United States. Tied to the gold standard and prevented by the most-favoured-nation clause from exchanging complementary trade among themselves, European countries were compelled to borrow heavily.

That does not speak very well for the principles underlying the new system that was set up through the United Nations charter, does it? Then from pages 22 and 23 I quote:

The principal creditor maintains its condition of monopoly through control of monetary gold, guaranteed markets, export of surplus production and unrestrained price competition. The insistence by corporations, on unconditional most-favoured-nation rights throughout the world, leads to the denial of export trade to nations that, possessing adverse balances, are deficient in monetary gold, foreign investments, exchange and credit.

And now from page 27:

Genuine equality of treatment and opportunity would demand equality of producing, consuming and purchasing power, which depend on access on equal terms to trade and to the raw materials of the world.

Access on equal terms is not provided by an equal, legal right to purchase in the open market. It becomes a reality only when nations receive equal access to effective reciprocity through bilateral and regional action. Promiscuous, multilateral commerce cannot afford effective reciprocity.

And again from the same page:

The most favoured nation thus enjoys favourable balances, and money returns from external sources. The less favoured nations suffer adverse balances and are compelled to increase their foreign debt in order to avoid default. They are subjected to exploitation and domination which they will, sooner or later, resist by force.

That is quite clear. Again I quote from page 28:

The gold standard—most favoured nation mechanism is the cause of booms and depressions. It prevents the free, regional co-operation of sovereign nations, through effective reciprocity.

[Mr. Blackmore.]

Then from page 30, referring to expressions used in the Atlantic charter, Henry Drummond-Wolff has this to say:

"Access on equal terms" can be achieved only by the better or, if necessary, complete balancing of trade through bilateral or regional reciprocity. Such reciprocity can be effected only by preferences or priorities. It is not provided by "reciprocal" trade agreements that establish a general most favoured nation rate of tariff.

The Atlantic charter opened a new phase in the militant opposition of the United States to preferences and controlled economies.

Once more I would like to ask Mr. Woodward how, in the face of declarations like that, he can conceive that in supporting the United Nations charter the United States is working to establish conditions under which peace "can flourish".

It will be wondered whether or not evidence can be produced to show that the United States has actively used the unconditional most-favoured-nation clause to prevent nations from co-operating with each other. Once more I adduce evidence that cannot be lightly treated. From Henry Drummond-Wolff's "Commonwealth" I quote, this time from page 10:

An attempt by Belgium and Holland to introduce a system of reciprocal tariffs at the Ouchy convention of 1932, was promptly vetoed as conflicting with the most favoured nation principle. Negotiations at Oslo in 1930 and 1937 among the Scandinavian countries were similarly circumscribed. Repeated attempts by the Balkan countries to establish preferences among themselves and with the central European countries were frustrated.

And on page 11:

In 1935, Germany's use of exchange control and clearing agreements in southeast Europe was countered by the withholding of most favoured nation rights from her by the United States. This had the effect of imposing a penal rate of tariff against German imports into the American market.

And again from page 11:

The Anglo-American trade agreement was entered into on November 17, 1938, as a result of powerful pressure from the United States.

Some will wonder whether or not this man Henry Drummond-Wolff is an authority. There is no question that he is a great authority, and knows exactly what he is talking about. His words are weighty words. They contain solemn warnings for us.

Why has the United States inflicted upon the world this unconditional most-favoured-nation clause, and why has she been following the policy which I have indicated in my talk? There is a definite reason. At the close of world war I the United States was a creditor nation for the first time in her history. She was greatly industrialized and thus able to produce more than she could sell to her own people for the purchasing power they were able to obtain. In 1918 she produced $60 billion worth of goods but the

effective purchasing power in the hands of her people was only $45 billion distributed, and of that $5 billion went back out of circulation in payment for life insurance and in other kinds of investment which took the money out of consumer purchasing circulation. At that time the United States, realizing that she had more goods being produced than her people were being provided with money to buy, should have introduced social credit. By distributing purchasing power to her people, by the social credit technique, she could easily have kept her people employed, could have raised the standard of living of all of her people, and could have avoided making herself a nuisance in the markets of the world.

But she chose not to do this. Instead, she tried to force her goods into the markets of the world no matter how much injury was thereby done to other nations in the process. In other words, she continued to export her unemployment all over the earth, regardless of whom she hurt.

During the inter-war period the United States had accumulated from annual creditor balances on trade and income account between $13 billion and $14 billion. She had not increased her imports. She had not invested abroad. She had acquired between 85 per cent and 90 per cent of the non-monetary gold stocks of the world. The New Deal had failed after $58 billion was fruitlessly expended upon it.

What was she going to do? In October, 1944, President Roosevelt made a statement that has a tremendously important bearing on this whole matter I am discussing. He said:

> I intend to find jobs for 60 million Americans by trebling our exports abroad.

Thus we find that all the acts, the agreements, the insistencies of the United States during those troublesome times from 1922 to 1933 and onward have been as a result of a selfish though understandable desire on her part to keep her people busy by exporting their goods into the markets of the world in spite of what that could possibly mean to the world.

If we are to find any solution to the troubles which confront the world, may I urge Mr. Woodward that he report to his president and his government that the only possible peaceful solution for the United States and for mankind is to introduce social credit into the United States, enabling her to sell her goods within her own country and thus to take care of that one-third of the United States people who, according to Roosevelt's declaration, are always the submerged third and whose income is so low as to constitute a scandal to the United States of America.

Next, the United States should accept imports that other nations offer her in payment for the goods they wish to buy from her; she should accept those imports, not necessarily to take them into her country to compete with the product of her own producers but to redistribute them to other nations needing such goods. Just think what she could do with regard to cheese for one instance if she accepted it from Canada and western Europe. Think how she could help the needy nations by accepting that cheese, not in order to let it compete with the output of her own producers but to help other needy nations, by sending it abroad to them. This cheese she could buy with debt-free money created by congress under authority granted to it by the constitution of the United States, money like the $450,000,000 of greenbacks, with which Lincoln freed the slaves.

Next the United States should adopt, and lead out in, a system of scientific world distribution based upon the principles of social credit, a system that would enable all the people who produce goods in the world to dispose of their goods profitably to people who need the goods, a system that would enable all the people in the world to derive the benefit they should have from the productive capacity of the other nations of the world.

Mr. Deputy Speaker: Order.

Mr. Blackmore: I submit this to Mr. Woodward, with all kindliness and good feeling, as being the only possible solution under which "peace can flourish".

Mr. Deputy Speaker: Order. Is the house ready for the question?

Mr. David A. Croll (Spadina): Mr. Speaker, before the house is ready for the question, I have a few remarks I wish to direct to housing. It has already been said in the house by others that in the province of Ontario there is a minimum need for some 450,000 housing units and that in the country as a whole there is a need for some 700,000 units. I think it would be interesting to place on record our achievement with respect to housing since 1946. It is as follows:

	New Homes	New Families
1946	67,200	108,000
1947	79,300	75,000
1948	81,200	83,000
1949	91,000	77,000
1950	91,800	74,000
1951	85,000	96,000
	495,500	513,000

As a result of continuing high employment, a continuing high birth rate, a high rate of family formation and large scale immigration we find ourselves in about the same position with respect to housing as we were in 1945. Despite the achievement—and it was great—we have not made as much progress as we had originally anticipated. In the departmental annual report Mr. Mansur said that on the assumption that an average family cannot afford more than about 23 per cent of its income for shelter, the average prospective home owner in 1950 required a gross income of about $2,700 to purchase a new minimum house. By the end of 1951 family income of about $3,300 was required to meet the debt service on a similar house. The only conclusion that we can draw from that is that now we are rationing houses by purse. Persons with less than $3,000 income—and that is 70 per cent of our population—appear to bear an unfair share of the national sacrifices made necessary by the defence program. Of course the immediate need is for mortgage money to be made readily available, for easier down payments, a longer amortization period and more rental housing of perhaps the multiple type. I think the government should give consideration to further subsidization. When I say that I have in mind that, instead of dealing with the provinces on a basis of 75-25, for low rental housing we could make it more attractive if we put it on the basis of 80-20 or 85-15, in order to give the provinces some greater incentive to start building low rental housing under section 35.

Quoting Mr. Mansur further—he is president of Central Mortgage and Housing Corporation—he said there was a decline of 24 per cent in dwelling starts, which were 72,000 in 1951. He said that situation arises for four reasons and those are—and I quote—(1) shortage of mortgage funds; (2) shortage of serviced lands; (3) large down payment requirements; and (4) increased level of debt service. By that he means increased level of municipal taxes.

Then he has this to say—I am still quoting Mr. Mansur:

> The supply of mortgage funds from all sources under present arrangements constitutes a definite limitation on the value of house building.
>
> If for social reasons an annual housing program equal to or greater than those accomplished in 1949 and 1950 is a requirement, it may prove necessary to find additional sources of credit to be made available for mortgage on new residential construction.

That is the challenge.

What I have to say is particularly directed to the shortage of mortgage funds. We have in the past always considered mortgage funds as an exclusive field of private enterprise. We have often been asked by private enterprise: Why does the government enter the field of private enterprise? I think the government does it for two primary reasons. First, in the interest of national security. The government has Chalk River, which is the atomic energy plant, and Canadian Arsenals, which make munitions. It was felt that both should be a public endeavour. They also have Polymer, which made synthetic rubber during the war. I do not think anyone quarrels with these three endeavours in the interest of national security; but the government also enters the field of what is considered private enterprise for another reason, and a very good one indeed, and that is to meet a social need and to fill a vacuum in a field vacated by private enterprise.

Historically lending institutions have always made conventional house loans. But from time to time they have left the field open, with the result that the government has had to enter it. I will carry you back first to some 40 years ago when the government, out of a desire to provide a measure of security for the people of this country, passed the annuities act. At that time private enterprise was not interested in writing small annuities. They failed to meet a social need, and they failed to meet a requirement for personal security. Today it is an entirely different picture. Private enterprise is becoming very interested in the annuities field, and is attempting to regain its foothold to the extent that it is alleged that they are doing some lobbying against the government bill which was intended to raise the annuity level from $1,200 to $2,400. It is true and cannot be denied that, at the present time, the dominion government annuity is by far the best and the cheapest annuity on the market. We need to continue in that field in order to meet a need that exists there. We entered the field because private enterprise abdicated it. The government stepped in to meet a social need, which was found very essential by the people. I think it would be well to say here that once government steps into the social field it never vacates it.

Let me again bring to the attention of these lending institutions something that they may have forgotten. Back in 1929 farmers were unable to obtain loans from private institutions on their properties, on land, on livestock, equipment and improvements. It was necessary for the government of the day to pass an act to set up a farm loan board, because the private institutions had turned a cold shoulder to that particular field, and there was urgent need for it. The government is now making a considerable amount of

loans in that field. In 1951 they made 3,242 loans, and 94 per cent of the interest that was due was paid. The arrears amounted to less than 2 per cent. Since 1929 they have written 34,485 first mortgages, 17,000 of which have been paid in full. At the end of 1951 they had a profit of $131,705.21. That field was partially abdicated by private enterprise, and the government stepped in again to meet a very great social need.

The Veterans Land Act provides an opportunity for veterans to build their own homes and to own small holdings. I merely indicate that the government has invested some $250 million in 31,000 properties, and they have received in repayment of these loans 95·5 per cent. There again the government stepped in when private enterprise abdicated or refused to participate in that field.

On May 5, 1951, the Minister of Resources and Development (Mr. Winters) made a statement of policy in this house, and a very interesting statement it was. It provided that a defence worker would be able to obtain a house under very easy conditions. A defence worker is a person certified by his employer to be engaged in the production of defence supplies in a plant designated in whole or in part by the Department of Defence Production as a defence plant. The only requirement was that the house must be owned and occupied by the defence worker. The defence worker can build a house under his own steam, or he can purchase it from a builder who would build it under supervision by the Central Mortgage, which would be the architect, the planner, the guarantor as to quality of building and the adequacy of the house. All he had to pay was 10 per cent down, and it is amortized over a period of some 25 years. The loan would be 90 per cent on the agreed contract price fixed by Central Mortgage, and the monthly payments would include principal, taxes and interest. All the employer had to do was to make monthly deductions to meet the payments while the employee was so employed at the plant. There was to be no liability on the employer at all. If at any time the employee terminated his employment the employer had no further responsibility toward the Central Mortgage and Housing Corporation, and the employee who had obtained a home as a defence worker could retain the home. He could sell the home to other than a defence worker during the five-year period immediately after completion by paying one-ninth of the original amount of the loan. After doing that he could sell it on his own terms. He could sell to another defence worker without having to pay the one-ninth of the original loan.

Up to the present time about 600 homes have been built in the provinces of Ontario and Quebec, or are in the process of building. Homes cost from $8,650 on which there is a down payment of $870, and monthly payments of $59 which include principal, interest and taxes, to $10,700 upon which there is a down payment of $1,070 and monthly payments of $71 which include principal, interest and taxes.

It is a bit disheartening and disappointing to know that the Central Mortgage and Housing Corporation have never had an application by a defence worker to build a house. They have never refused an application by a plant to be designated as a defence plant. Yet we find an opportunity there for housing of which no one seems to be aware; and my purpose in speaking today is to try to bring about some awareness of that situation.

Mark you this: the house that Central Mortgage and Housing Corporation is building for defence workers at a top price of $10,700 is selling privately today for about $14,000. The difference is the profit the builders are obtaining for this same house. Yet, for some reason or another, there are few takers. I cannot understand it.

In the minister's statement of October 5 he had this to say:

> To the extent that mortgage financing is not available from lending institutions for defence workers, Central Mortgage and Housing Corporation will be prepared to make direct loans. The Minister of Defence Production will from time to time designate defence plants to which these special housing arrangements are applicable.

Here, again, was an invitation by the minister asking lending institutions to make money available to defence workers. Lending institutions defaulted again, and it was necessary for the government to step in and to make direct loans.

At the last session of the provincial legislature of Ontario an act was passed authorizing the lending of $10 million to young farmers to start into farming in Ontario. That surely could have been made available by lending institutions, if they had thought it was worth their trouble.

It has been pointed out to me that I have neglected to mention that the government is lending money to veterans, by way of business and professional loans, under plans very similar to those applying to housing. All this business could have been available to the lending institutions of this country if they had wanted to make those loans.

They say they are short of money. The other argument they use is that the bond market gives them a good return. They say

that they can obtain 4 per cent or something slightly in excess of that on bonds, and that they receive a better net return on a 4 per cent bond than on a 5½ per cent mortgage. As a matter of fact the bond I have in mind is that of the Ontario Hydro Electric Commission, which was put on the market recently.

That is not the whole story. Last year we amended the Insurance Act, which gave the lending institutions powers far wider than they formerly had, with the result that they can now invest in real estate, in debentures and in common stock, which they were unable to do some years ago. What is happening is this, that these same lending institutions are using their money to buy up large chunks of valuable real estate. I know in my own city of Toronto they are buying office buildings, they may be first class investments—they would know best about that. But, more than that, they are buying up Dominion store, Woolworth store and Loblaw store leases, and holding them as an investment. That is where their money is, with the result that they do not have it available for those people in Canada who need to build homes.

It is true that what they are doing may be more profitable and easier; but on the other hand it seems to me that they have a social responsibility and that, from their point of view, it ought to be more desirable to help build up this country, rather than keep the profit motive entirely before them.

From time to time all of us have seen institutional advertising by mortgage, trust and insurance companies. We see page-size ads in newspapers and magazines showing a picture of two old people, a man and his wife, talking to one another and saying, "We have provided security for ourselves." Then there is some talk about a paid-up pension plan or an annuity. We see at the bottom the name of an insurance company, with information as to its assets, how much insurance it has written, and so on. These are first class ads, and they serve a purpose. It does seem to me that these lending companies have missed a great opportunity.

Why should they not run one of these ads showing a picture of a subdivision of perhaps a hundred houses, with the caption, "We did this with your money. We helped build this subdivision. We financed the building of these houses because we believe it is a good investment. This is what we think you would want us to do with your money."

I had occasion to go out on Sunday to look through some of the subdivisions already completed. It is a pleasure to see them. One sees thousands of small homes with combined living and dining-rooms, small breakfast nooks, modern kitchens, good basements and satisfactory heating units. True, these houses are small—almost like dolls' houses. These subdivisions are filled with children—little ones, some of whom are still creeping, others walking and still others running about. The subdivisions are full of life.

We want these lending institutions to be helpful in building up our country. In those subdivisions we see fathers digging their gardens, building fences, painting and weeding; and unless we make mortgage money available for these kind of people we are not likely to have much more building in this country—unless, of course, we do something about it. And I am about to propose that we do.

I am sure the house will agree with me when I say that the homes built through national housing loans are a complete and absolute answer to communism, nazism, collectivism and totalitarianism. It should be our main objective to make homes for all the Canadian way of life.

If these lending institutions are more concerned with using their gold-plated scissors to clip coupons or to collect rents from downtown office buildings than they are in meeting social needs at a profit, then they are also vacating a field which, traditionally, has been their own. We now have on the statute books the authority to make direct loans for homes. If they are not forthcoming from private enterprise, then there is no alternative for us but to enter the field.

Once we are in the field we will never vacate it. Neither this nor any other parliament will permit us to vacate it. Private enterprise as represented by these various institutions has only itself to blame. They have not discharged a public trust or shown any social consciousness. That field is historically theirs, and I think all of us in this house would want them to continue in it, but if they abdicate and abandon the field, even in a slight degree, then this government must enter that field and improve it in every conceivable way possible. More than that, once we are in the field we will be able to lend money more cheaply and be able to make sure that the people benefit to a greater extent than they are benefiting now.

For the moment we have section 35 of the housing act and we have the defence workers' scheme. We have our hands full in making subsidies available for low rental housing to the people. I appeal to the minister and I submit to the house that this problem must be faced. Complaints have been made from members of the opposition—just the other day we had one from the hon. member for Nipissing (Mr. Garland)—that mortgage money

is not being made available to all communities. It is claimed that it is partially available only in the larger cities and not in the small municipalities. We ought to make certain that the same facilities are available to them as are available to those who live in the large cities. It is the responsibility of the government to see that that is done. I bring this matter to the attention of the house, of the minister and of the lending institutions now. I suggest to the latter that if they do not fully re-occupy that field on the double the government must enter it at this particular time in order to meet the great need that exists.

Mr. A. C. Murray (Oxford): Mr. Speaker, it is indeed a pleasure to take part in the budget debate this year. Rising at this time I am faced with the question of what I can say that has not been said already. For my part I do not intend to be associated with all the remarks of those who have spoken in this debate, particularly those who do not see any merit in this year's budget, who seem to have lost all sense of direction and who apparently do not realize that civilization is at stake. Their voices sound like voices crying in the wilderness with no one to lead them out of their Gethsemane. Surely this is a great nation in which we are privileged to live. It was not built on wailings and lamentations; it was built by the hard work, the industry and the integrity of the men and women who came to Canada's shores. So today I prefer to take my stand with the government of today who with equal integrity, with equal industry and with equal hard work is placing first things first for Canada and its people, and sees in the future a great destiny for our country.

I realize that it is not wealth and riches that brings greatness to a nation. Rather it is the men who travel in its service. So at this time I want to join my voice with those who have already paid a tribute in this chamber to the Prime Minister (Mr. St. Laurent) and members of the government of today, who are pursuing the wise course they have followed on behalf of the people of our country. It has been said:

> Give me men to match my mountains,
> Give me men to match my plains;
> Men of courage, men of action,
> Men with Canada in their brains.

It seems to me that that is typical of the St. Laurent government. So I repeat that while there may be nothing new that I can say in this debate, on the other hand it seems to me that there is a need for a repetition and reiteration of those fundamentals and principles upon which our nation was built and likewise upon which this year's budget has been founded.

Assembled as we are here today we represent constituencies, we represent homes, we represent business, we represent agriculture, we represent professional life; we are all wrapped up in this bundle of life. We all have our problems, but I say that whatever those problems are they are not very different from the problems of the men and women living behind the iron curtain or at or near the 38th parallel. After all, it is a way of life—a way of living. We feel that our way of life is the best way, and I for one know that it is. However, in saying that I realize also that there may be a great number of people living within our nation today who apparently have no sense of direction.

It seems that over the years we have developed a sense of speed to the maximum but in co-distinction to that sense of speed we may be co-equally losing our sense of direction. I think it is immeasurably more important to retain a sense of direction, to retain a sound fiscal policy for our nation, to retain a sound budget than it is to retain a sense of speed.

Sometimes I think it is good for all of us to be reminded of the great country in which we are privileged to live. I recall that after last year's budget I took time out to kodak, to develop and to print the finest flower in the garden, the first-prize chrysanthemum—the constituency of Oxford, which I have the honour to represent.

Today I should like to preface my remarks in this budget debate by indicating how privileged we are to live in this land of Canada, one of the finest nations in the world today. I think Dr. John Fisher has done and is doing a great deal to educate Canadians, not only as to the geography of their country but as to its potential wealth and resources. Dr. Fisher has described our country as being a tri-oceanic country, bounded by the Atlantic and the Pacific with a coastline of five thousand miles and the Arctic with a coastline of twenty-six thousand miles.

I wonder if at times we appreciate that this country in which we live is as high as it is wide, that from Pelee island in Ontario to Ellesmere at the top of the roof of the world, and still in Canada, is practically the same distance as from British Columbia to Nova Scotia.

I like the metaphor used by Dr. Fisher in describing our country when he referred to it as being a house of many rooms. First of all we have the veranda. We call it the American veranda and we are glad to have United States tourists come to our country and spend their dollars. Then we have the ground room in this house. At the

moment I think of the cities as being on the ground floor. I think of my home city of Woodstock, Ontario, and the surrounding towns of Ingersoll, noted for its cheese, about which I shall say something later on, and the town of Tillsonburg, noted for its prowess in the field of sport. Then I think of other cities like Toronto, Montreal, Halifax and Vancouver. I think of the great contributions they have made to the industrial growth of our nation. Then, sir, above this ground floor we have another room. We call it the mezzanine floor. I am thinking at this time of the cities on that mezzanine floor that are so well represented by different members in the House of Commons, cities such as Sudbury, Kirkland Lake—whose member we think of at this time—and other places such as Noranda, Haileybury and Val d'Or. I think of the great contributions in minerals they have made to Canada.

Back and beyond the mezzanine floor there is a bedroom. There are not many tenants living in that bedroom today. About the only time we hear from them is when Churchill on Hudson bay speaks out during the white sheets of winter or when the ships go sailing in there for two or three months of the year. Last week we heard the hon. member for Churchill (Mr. Weaver) speak about that region, and I would recommend his excellent speech to every member of the house. I predict, as did the hon. member for Churchill, that some day many thousands of people will live in that far northern bedroom of Canada. If you do not think so just remember this. You will be amazed, as I was, to learn that Stockholm in Sweden is as large and beautiful a city as Toronto, yet Stockholm is on the same latitude as the Yellowknife area hundreds of miles north of here. Therefore I say that some day there will be many people living in that great far northern bedroom of Canada.

At this time I should like to compliment the Minister of Citizenship and Immigration (Mr. Harris) for the part he is playing in endeavouring to populate that area. I recall that some little time ago I heard Dr. Pleva of the University of Western Ontario make the prediction that the population of Canada will double itself within the next thirty years. Therefore I foresee, as was emphasized by the hon. member for Churchill the other day, a great future for that northern bedroom of Canada.

Some time ago I remember reading an article in the *Financial Post* to the effect that members of parliament should travel more in order to learn more of the great country in which we are privileged to live. I think that we should, that a great number of us do not appreciate or realize the potentialities and vastness of the country in which we live. I want to say to the house today that Canada is a great country, and it seems to me that, instead of the bickerings and lamentations we hear from time to time from members of the opposition, we should slip down on our knees more frequently and thank God for the privilege of living in Canada.

It is not a glamorous country like the United States of America. Neither is it a glorious country like Great Britain with all its history and traditions, but to each and every one of us today I think Canada is an exciting and fascinating country. To those of us with Scottish blood in our veins, may I say, I like to think of that song we sing on St. Andrew's day or on the birthday of Robert Burns, namely:

> Oh ye'll take the high road,
> And I'll take the low road.
> And I'll be in Scotland afore ye. . . .

It seems to me that is typical of the role of Canada today, neither the high road nor the low road but somewhere in between, fabulously right. Today as I speak of Canada I am reminded of the words of the Minister of Mines and Technical Surveys (Mr. Prudham) when he said to us some time ago that Canada's real strength is not in its size, great and all as it is, and neither is its strength to be found in its resources, great and all as they are, but rather the solid enduring strength of Canada comes from the character of our people. In other words, the sinews of production are not dollars but rather our effort and the spirit to achieve. That spirit has animated our nation throughout its history, and I predict that spirit will carry our country through every hard test the future may bring.

I submit that the history of Canada has been one of meeting the challenge of difficulty. That is why I say that this year's budget is substantially sound. It is not, as was stated by the hon. member for Eglinton (Mr. Fleming), a false budget. Neither is it an Alice in Wonderland budget or a phantom budget. To the sound thinking people of Canada it is like the ones that have preceded it that have been brought down by the Minister of Finance (Mr. Abbott). It is a stability budget. By whatever waters of Babylon our tents may be pitched, or whatever political differences we may have, none of us can deny that as a result of this year's budget Canada's credit abroad is being strengthened, inflation is being controlled, capital for investment is being attracted, and today our dollar is at a premium in the market places of the world. I should like to repeat the heading quoted from the *Financial Post* of April 12 by the parliamentary assistant

to the Minister of Finance which reads: "It Hurts But It Is Sound". I should like to read one of the sentences in that article. It is as follows:

> There are people in other countries who only wish that their own governments would or could follow our example.

As was emphasized by the minister, our major difficulties are international in their origin. I say again today that freedom is not free. It was bought with a price and we are going to have to pay the price of retaining it. I feel that the Minister of Finance, in the light of the exigencies of the times through which we are passing, has budgeted in the interests of Canada as a whole. I am sure he must have had those lines of Longfellow constantly before him when he was compiling this year's budget:

> Build today, then, strong and sure,
> With a firm and ample base;
> And ascending and secure
> Shall tomorrow find its place.

The Minister of Finance has set before us a fiscal policy that has made our nation the envy of the world. He has held true to those precepts that the hon. member for Greenwood (Mr. Macdonnell) and others with Scottish blood in their veins learned at their mother's knees, namely, to save for a rainy day. In that regard I have here a copy of the Toronto *Star* of March 24, 1952. It contains an article with the heading, "Saving For Rainy Day Good Idea Frost Says But Doesn't Follow it." The article reads in part as follows:

> Almost two centuries ago a noted English author and moralist, Abraham Tucker, wisely admonished people to save for a rainy day. "It behooves us," he wrote, "to provide against a rainy day while the sun still shines." This was sound advice when these lines were penned and it is equally sound advice today . . . Premier Frost himself raised this point in his budget speech. "Credit," he said, "should be soundly used. It is a real asset which should always be conserved. Times come in the life of a province when, because of recession or other conditions, it is necessary to increase the net debt. But in times of buoyancy it is the way of prudence to pay as much of our capital costs as we can from current revenues."

It would appear that the federal government has done this, and that it has reduced our debt in the past five years by almost $2 billion. Indeed, Mr. Speaker, I feel that the minister must have been reading some of the old axioms before preparing this year's budget. I am reminded in particular of one that is attributed to Confucius. You know, we made Confucius say some silly things but he had his more serious moments; and in one of those serious moments he said this:

> It is the duty of us in our day and generation to plant the trees so that those who follow after may enjoy the shade.

I think the minister was following that axiom in this year's budget. He is budgeting not only for a solvent Canada today but also for a solvent Canada tomorrow. He has indicated that if we are energetic and resolute, and if we work, there is a good prospect of achieving in the not too distant future perhaps not genuine peace throughout the world but at least a position of reasonable confidence and security that can be maintained at a more reasonable cost than we are now compelled to pay.

I agree with the minister that work is the greatest morale building force in the world today, the one thing that gives dignity and self-respect to man. If we will work, by the grace of God we can save ourselves. If on the other hand we become a nation of parasites, as some in this house would want us to be, then I fear that only deterioration and decay can set in. I think of my grandparents coming to this country. Why did they come here? Because they saw in this land opportunity and work for their brood of children. Ofttimes today I fear that opportunity may be beginning to disappear, when in certain quarters you hear it said to men, "Don't work so hard. Get as much as you can." I say that when a seed bursts in the blackness of the soil and reaches to the sunny heavens it is performing a natural instinct; and we are thwarting that kind of effort in Canada if today men are told, "Don't work so hard. Get as much as you can."

So I think the minister is to be congratulated on the stability budget he has brought down this year. We all realize that his role is very difficult; nor has it been lightened by the times through which we are passing. If I were to make one or two suggestions—and certainly it would only be by way of suggestion at this time, not by way of criticism—the first would be that further consideration be given to the medical deduction over and above the 4 per cent allowable at the present time. In that regard I think the minister might very well recognize the principle he established last year in exempting certain drugs such as cortisone, liver extract, and so on. I think that principle might be further extended as the hon. member for Peace River (Mr. Low) suggested to include drugs such as di-alpha tocopherol, as well as some of the antibiotics such as aureomycin, terramycin, chloromycetin and some of those expensive drugs that are on the market today. I say to the minister that hundreds of these new drugs are coming onto the market, and the horizon is equally challenging and tremendous. I think it would help a good many people if consideration could be given to extending the list of drugs to include those I have suggested.

Then I am interested and concerned, as I know the minister is, with the present tax structure with regard to corporations. I think a perusal of reports coming from industry for the first quarter will indicate that while business is good and sales are good, money that could be used for further expansion is being siphoned off in taxes. I know the minister will bear in mind that we want to do our best to help the further expansion of these industries that have done so much to build up our country.

Then I would want to say a word at this time on behalf of the dairy industry of my county and particularly the cheese industry, which at this time is in a rather precarious condition. Already hon. members on both the opposition and the government sides have emphasized the position in which the cheese industry finds itself, which is further aggravated by the presence of surplus milk in the country due to the foot-and-mouth disease. I hope the federal government will adopt a very sympathetic attitude toward that industry, which through no fault of its own finds itself in such a position.

Then, sir, I would want to join in the remarks of the hon. member for Kent, Ontario (Mr. Huffman) and the hon. member for Northumberland, Ontario (Mr. Robertson) in asking that further consideration be given our rural mail carriers. It seems to me that this is a subject to which every hon. member would like further consideration given; but at this time I only want to join with the others who have spoken in asking that the government give the most careful consideration in order that something better might be done on behalf of these men who give years of service in carrying the mails of our country.

It is not my intention to speak longer in this debate, but in the light of Canada's progress I am sure we must all feel that we are advancing steadily toward full nationhood. This country of 14 million people is playing a far more significant part in international affairs than did the 5 million people who came to our shores from less prosperous lands and I feel that the fruition of the plan of the Minister of Transport (Mr. Chevrier) to build the St. Lawrence seaway, either alone or in co-operation with the United States, will mean one of our greatest adventures in development. We must admit, I think, that while we have been vigilant for our own prosperity we have gone forward steadily and in freedom toward a decent level of life. We have carefully re-examined the way of human welfare; and as a result of the old age security program of the Minister of National Health and Welfare (Mr. Martin) thousands of citizens of Canada can now live in dignity and self-respect.

I suggest, sir, that there is a strong tide flowing in the affairs of men. Social injustices are being swept aside and human progress is at the flood. Some may ask what of the future. I suggest, sir, that this is not the time for us to be hewers of wood and drawers of water, as one hears the phrase. This is not the time to be merely on the defensive as to those things that are just and true and of good report. Now is the time for all of us in this great nation to be active thinkers and doers, in furthering and in sharing with others the verities and the abundance of this great nation in which we are privileged to live.

I started my speech this afternoon by saying that it was a privilege to take part in the budget debate this year. I am reminded that privilege and responsibility are veritable Siamese twins in the world of abstraction. You never meet them alone. I say to this house: whether we serve as members of the House of Commons or whether we act as citizens of Canada, each and every one of us in turn has a like responsibility not only to build our defences strong, not only to budget for a pay-as-you-go policy, not only to maintain a sound economy for our nation, but also somehow, in some way, to build the attributes of decency among the peoples of the world and to work for that day when peace shall come and wars shall be no more.

If we do that—if we go our way improving the standards of living of our people; if we help our neighbours where'er in the world they may be—then it seems to me that we can face the future undaunted and with the surety that it will be of our own shaping.

I do not know of any finer way in which I can, with any greater propriety, interpret that closing thought than to give you the thoughts presented by Mr. Cameron Ralston when he visited our nation some months ago. Speaking particularly to those of us with Scottish blood in our veins, he said this: As you know, we in Scotland have a patron saint called Saint Andrew but long ago many of us have substituted a great Scottish son in his place, namely Robert Burns—one who wrote of simple things; one who said that a simple man was the greatest work of God; one whose heart was touched by the affliction of a mouse or a daisy in the field; one who wrote that great and majestic poem: "A Man's

a Man for a' That." If my memory holds, I should like to give the closing verse of that great poem:

Then let us pray that come it may,
(As come it will for a' that,)
That Sense and Worth, o'er a' the earth,
Shall bear the gree, and a' that.
For a' that, an' a' that,
It's coming yet for a' that,
That man to man, the world o'er,
Shall brothers be for a' that.

I therefore say to you in closing this afternoon, Mr. Speaker, that likewise we in Canada have a great responsibility. We have a responsibility not merely to act as a bridge between Great Britain and the commonwealth, and not merely to act as a stopgap between Great Britain and the United States. We have our own torch to bear; to carry and to maintain the highest forms of decency and the soundest forms of fiscal policy that it is possible for the nation of Canada to achieve. That the Minister of Finance (Mr. Abbott) has endeavoured to do his part has been exemplified, I submit, by this year's budget. He has endeavoured to plant the trees, in his time and generation, so that those who follow after may enjoy the shade.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I wish to commend the last speaker but one for the stand he took this afternoon when he spoke in this budget debate on the subject of housing. I was very glad to hear him join with us in criticizing the lending institutions for their failure to make mortgage money available for the socially desirable objective of housing for our people. I thought his words were well chosen when he suggested that private enterprise, as represented in this case by the lending institutions, should recognize its social responsibility and should be more concerned about the housing of our people than it is for making a profit out of investments of the kind to which he referred. I was also glad to hear him join with us in prodding the government and in urging that if mortgage money is not being made available by the private lending institutions for housing, the time has come for the government to go into this field itself.

That view of course has been expressed from this corner of the house a number of times; it was expressed only the other day by my colleague, the hon. member for York South (Mr. Noseworthy), and I hope that in due course between us we shall be able to persuade the government that it has no option but to implement the suggestions made again this afternoon.

I was also glad to hear the hon. member for Spadina (Mr. Croll) suggest that improvements will have to be made in the terms of section 35 of the National Housing Act. He spoke, as he always does, in glowing terms of this section, the section which makes possible joint federal-provincial low-rental housing projects; but nevertheless in the course of his speech I thought he made it clear that one of the greatest lacks of our time is still the lack of low-rental housing. I suggest that one of the reasons there is not as much building of homes for ownership as both the hon. member for Spadina and I would like to see is that many of the people for whom he expressed concern this afternoon simply cannot afford the ownership of homes even on the terms possible under the National Housing Act, and that what is necessary for great numbers of people is low-rental housing.

The hon. member for Spadina, although he praised section 35 of the act, admitted its shortcomings when he pointed out that not enough housing is being built, and when he suggested that probably the proportion to be guaranteed by the federal government under section 35 should be increased from its present figure of 75 per cent up to 80 per cent or 85 per cent or perhaps even higher. I fully agree with him as to the desirability of as much home ownership on the part of our people as possible, but the fact of the matter is that for great numbers of our Canadian citizens the only solution to the housing problem in the immediate future at any rate lies in extending the principle of public low-rental housing. This is a matter of extreme urgency, and I hope that, even as the Minister of Resources and Development (Mr. Winters) ought to pay attention to our plea that government money be made available for the building of homes where private mortgage money is not being supplied, he will also pay attention to our plea for the improving of section 35 so that it may be used more widely for the actual building of low-rental housing.

I might add further that I was glad to note the statements of the hon. member for Spadina in respect of a number of other matters, particularly when he suggested that there are various fields where social responsibility requires that, private enterprise having failed to deliver the goods, the government, in the name of the people, should step in.

There are one or two matters, Mr. Speaker, that were the particular reason for my getting into this debate again at this stage, but before I come to them there are one or two general comments with respect to the budget that I should like to make. I agree with those who have said that one of the faults of the present budget is the manner in which the Minister of Finance (Mr. Abbott) presented it, particularly in his failure, when he gave us his tables showing the new rates of income tax, to include a column showing what the rates were as actually paid in the year 1951. In most budgets it has been the practice to indicate the amount of tax paid at various income levels for the last year and for the current year. In this instance the minister chose to omit the column showing the actual amounts paid in 1951. He chose rather to compare the rates to be paid in 1952 with what would have been the case if there had been no budget at all. The result is that the minister found it possible by his method of reasoning to suggest that there was a decrease in income tax; whereas in point of fact in the actual amounts to be paid by the citizens of Canada there will be an increase in 1952 over what was actually paid in 1951. I think it is unfortunate that the minister chose to present it in that way, but at any rate it is now painfully clear to the people of Canada that this year's budget does involve an actual increase over what was paid last year in the rates of income taxes.

It is also clear that that increase is felt by our people before the social security tax is added. In that connection I should like to point out that the Minister of Finance seemed to enjoy referring to old age security and its cost as many times as he could during the course of his budget speech on April 8. I am reminded by the minister, the parliamentary assistant and others who refer so often to the cost of social security, of the line followed in this respect by the Winnipeg *Free Press* which is published in my own city. That newspaper is most anxious that people realize something that they already know, namely that we do have to pay for social security, and indeed for everything that we provide for ourselves through the medium of our governments. But the *Free Press* even goes so far as to suggest that the deductions at the source paid by the average worker when he gets his pay envelope should be itemized for him, and that he should be told every time he gets his pay envelope just how much has been deducted from his pay for social security.

I have no objection to that being done, provided at the same time something else is done—and I hope the Winnipeg *Free Press* will join me in this suggestion, to be implemented along with their own. I suggest that at the same time on the wage earner's envelope there should be indicated the amount he has contributed, during that period for which he is receiving his pay, to the profits of the corporation for which he is working. After all, that is where the wealth of this country comes from—from the toil of our farmers on the farms, our workers in the cities, our miners, our fishermen—it comes from all those who work to produce the great wealth of this country. It is precisely because the profits of great corporations, defence costs, social security items and everything else, are paid for by the work of our people, that we contend that our people are entitled—not as a matter of charity, not as a handout, but as a matter of right—to social security, not only to the extent we have achieved it thus far, but in an expanded form such as we of this party shall continue to advocate.

One of the reasons I wanted to speak again at this stage of the debate was to discuss briefly with the Minister of Finance (Mr. Abbott) what I consider to be a continuing piece of discrimination as between lawyers and trade unionists. I wish to say that I take those two groups for the purpose of putting this matter in a simplified form. There are others who are with the lawyers, and there are others, likewise, who are with the trade unionists.

The Minister of Finance will recall that for a few years leading up to just before his budget speech of last year I had a good deal to say concerning the deductibility of trade union dues, teachers' fees and other like amounts for income tax purposes. I pointed out to him that in practice a line was drawn which, despite the way in which the minister defined that line, for the most part became a line between people like lawyers and doctors on the one hand and people like trade unionists and school teachers on the other. The line that was established was drawn, technically speaking, in terms of whether one's income was gross or net. If one's income was gross, in terms of fees he received out of which he paid expenses —hiring help of one kind or another—he was permitted to deduct fees, such as those of law societies. But if one's income was net, such as wages or salary, he was denied that right.

I believe there is complete agreement between the minister and me as to the facts. Strictly speaking, that was the way in which that line was drawn. Nevertheless, in actual practice, since most lawyers were in the one group and most trade unionists were

in the other, it worked out so that lawyers were getting the right to deduct their fees to the law society, while trade unionists were not getting the same right in respect of their trade union dues.

Part of this is now old history, but it will take only a few moments to review it. I am going through it because it leads up to a continuing discrimination which I hope the minister will even yet bring to an end. He knows that during the years 1945, 1946 and 1947 the law was worded in such a way that in due course the Exchequer Court of Canada decided that it did entitle trade unionists to deduct their trade union dues during those years. That decision was made by Mr. Justice Angers in June of 1949. However, that decision was made because a trade unionist, Mr. Joseph A. Cooper of Winnipeg, a moving picture projectionist, had appealed against the decision of the Minister of National Revenue. Mr. Cooper had sought to deduct his trade union dues. The Department of National Revenue had denied him that right. He went through the usual machinery and, in due course, in April of 1948, appealed the decision to the Exchequer Court of Canada.

Interestingly enough, it was in May of 1948, only a few weeks after Mr. Cooper filed his papers with the Exchequer Court of Canada, that the government brought in notice of a resolution to change the Income War Tax Act so as to make it clear that trade unionists would not have that right. It is my belief that the government took that step so soon after this case was taken to the Exchequer Court of Canada because they had reason to believe that the Exchequer Court might rule in favour of Mr. Cooper, in view of a decision the Exchequer Court had made on November 1, 1946, in the Bond and Rutherford case.

The case of Bond and Rutherford involved two lawyers from the city of Winnipeg who had appealed against a decision of the income tax authorities denying them their right to deduct their bar society fees on the ground that they were on salary—one of them was employed by the city of Winnipeg and the other by the province of Manitoba—and therefore that they were not in the same class as the average lawyer who makes his income by collecting fees and paying out expenses in connection with the making of his income.

Mr. Justice Thorson on November 1, 1946, had ruled that, in view of the way the act then read, Mr. Bond and Mr. Rutherford were just as entitled to deduct their fees to the law society as were other lawyers, even though Mr. Bond and Mr. Rutherford were on salary. I think it followed that, Mr. Justice Thorson having made that decision in the Bond and Rutherford case, it was almost inevitable that the Exchequer Court would make a parallel decision in the Cooper case.

I draw the government's attention to the fact that nothing was done immediately following the decision in the Bond and Rutherford case, which was made by Mr. Justice Thorson on November 1, 1946. That decision was accepted; the law was not changed. But immediately after Mr. Cooper took his case to the Exchequer Court of Canada in April 1948, in the very next month, the month of May, a resolution was brought in to change the Income War Tax Act and to alter its wording so as to make it clear that the right to deduct trade union dues would be prohibited.

The decision of Mr. Justice Angers was not made until June 1949, and by this time the law had been changed respecting the income taxation years of 1948 and 1949.

The rest of the story is known, of course, to hon. members. The matter was debated in the house three or four times, and was voted down on at least two occasions. But finally, on April 10, 1951, in the minister's budget for that year, he announced that legislation would be introduced to make trade union dues deductible.

Naturally I was very pleased to have this decision made by the government. It was good to know that that battle had been won, and I think all hon. members recognized that it was only a matter of fairness that the legislation be so worded that groups such as trade unionists and teachers would be in precisely the same position as groups such as doctors and lawyers.

So far so good. But it was only a few months after that change respecting dues to trade unions, teachers' associations, bar societies, medical societies and so on was made that there appeared in the newspapers an item to the effect that a ruling had been given that lawyers were permitted to deduct for income tax purposes expenses incurred in connection with attendance at conventions of the Canadian Bar Association. I was surprised. I felt, "Well, here we go again; this is where I came in. We have just succeeded in getting one discrimination ended and now another one turns up." I did not know at that time that for some considerable period apparently lawyers had been deducting expenses incurred in connection with attendance at bar association conventions provided they were on gross rather than on salary, but it now transpires that that had been the case.

It also transpires that the decision referred to in the press last fall was one given on

August 30, 1951, by Mr. W. S. Fisher, Q.C., a member of the income tax appeal board. As hon. members know, when the Income War Tax Act was replaced by the Income Tax Act one of the changes made was to provide that appeals which had formerly gone to the Exchequer Court of Canada would now go to the income tax appeal board. Therefore the decision of Mr. W. S. Fisher, Q.C., has in fact the status of the decisions by Mr. Justice Thorson and by Mr. Justice Rogers, to which I referred a few minutes ago.

The decision of Mr. W. S. Fisher, Q.C., on August 30, 1951, related to an appeal by Mr. H. F. Parkinson, a lawyer who had claimed a deduction from personal income in connection with expenses incurred personally by him in attending a convention of the Canadian Bar Association. The facts in connection with this decision are to be found on page 1458 of *Hansard* of April 21, 1952, where answers are given to questions I had asked about this case. It appears that the reason the taxation division of the Department of National Revenue disallowed Mr. Parkinson's claim for this deduction was that Mr. Parkinson was apparently a member of a partnership and was on salary. The department took the view that if these expenses had been claimed by the partnership it would have been a different story, but since they were claimed by Mr. Parkinson as a deduction from his personal income that put him on the wrong side of the line and therefore he could not be allowed that deduction.

As I say, Mr. Parkinson was not satisfied with the decision of the taxation division and he appealed to the income tax appeal board. It was held by Mr. W. S. Fisher of the income tax appeal board that there was no reason to differentiate between the procedure of deduction adopted by the appellant and the procedure of deduction that would be adopted in the case of the partnership.

I submit that we are right back where we were at the time of the Bond and Rutherford case. We now have a case of an individual lawyer claiming deduction of convention expenses from his personal income. He was denied that by the taxation division but was allowed it by the income tax appeal board which, as I say, is the present counterpart of the Exchequer Court of Canada at the time when the other decisions were made.

My request in connection with this matter is that fairness be established. I am prepared to admit that it is more difficult to make a case for the deductibility of convention expenses than it was to make a case, as we did with eventual success, for the deductibility of dues either to a trade union, to a teachers' society or to other similar bodies. But I submit that it should be one way or the other, either both lawyers and trade unionists should be allowed their convention expenses as deductible for income tax purpose, or neither should be allowed this right. When I ask that the same treatment be accorded to trade unionists as is accorded to lawyers I have in mind other groups as well, such as farm conventions of one kind and another, church conventions, women's institutes, the Canadian Legion and all the rest. I submit that if lawyers attending conventions of the Canadian Bar Association are permitted to deduct their convention expenses regardless of a line that has been drawn in the act, indeed if that right is given to them, even when they are on salary, by a decision of the income tax appeal board, then the law should be so worded as to grant that right to trade unionists and other groups as well. All I ask is that the law be fair.

I have questioned the Minister of Finance (Mr. Abbott) about this once or twice, notably on October 15, 1951, when I drew his attention to this particular case and asked if steps would be taken to extend the same privileges to trade unionists attending their conventions and to other comparable groups. On that day the minister said that since I had not given him notice, perhaps my question could stand until a later date. I reminded him of it on Friday, October 19, 1951, as reported on page 195 of *Hansard* for that day, at which time the minister said:

> I had forgotten to answer the hon. member's question. Of course it is one of law. I have not examined the decision of the income tax appeal board; but I assume the board must have decided that the lawyer in question incurred these expenses as necessary expenses in earning his income. If a member of a trade union is in the same position in deducting expenses, and if he can say that his attendance at a trade union convention was necessary, incidental to the earning of his income, then I assume that as a matter of law the court would hold the same thing. However, it is purely a question of law.

Those were the words of the Minister of Finance. In passing, may I point out that a trade unionist on salary is not in the same position in the matter of deduction as is a lawyer on gross income, so that that similarity vanishes. But the point that bothers me most about this is the minister's insistence that this is purely a point of law. In view of that insistence I asked the minister this supplementary question:

> Does not the minister feel that the law should be changed so as to make sure that all these different groups are treated alike?

This was the minister's reply:

> Mr. Abbott: No, I think it is strictly a question for the courts.

My point is that when the courts, the Exchequer Court of Canada in that case,

decided that the law as it was worded in 1945, 1946 and 1947 gave Mr. Cooper and other trade unionists the right to deduct their trade union dues, the government took the view that that was not what they had intended. Since the court had drawn their attention to the fact that the law was at variance with their intention they took immediate steps to change the law. In fact they acted in advance; they acted as soon as they realized there would be a decision favourable to trade unionists.

When I spoke about this during the course of one of the debates on the question of trade union dues the parliamentary assistant to the Minister of Finance (Mr. Sinclair) expressed the view that I should not have chided the government for doing this, that I should rather have complimented the government for bringing the law into line with what had been the government's intention in the first place. The point I am making is surely obvious. If the government jumps in fast to change the law when the court's ruling is such as to give advantage to trade unionists, why is it when a similar ruling gives an advantage to lawyers the Minister of Finance simply says that it is strictly a question for the courts?

I submit it is a question of fairness. It is a question of the wording of the law, and the government should deal with the matter one way or the other. Either it should amend the law so as to make it clear that lawyers cannot claim their convention expenses—and heaven knows what convention expenses might include—or it should change the law to see to it that the same right is accorded to trade unionists, farmers, church people, legionnaires, indeed all those who have conventions that they must attend either in connection with the earning of their living or in pursuit of interests relating to the welfare of this country.

I submit it is a matter of simple justice and fairness. One cannot put the blame for it on the courts. What the courts do is to interpret the law as it stands at any given time. The courts have made an interpretation in the Parkinson case. Inasmuch as the government acted immediately to change the law following the decision in the Cooper case, I suggest they should act immediately following the decision in the Parkinson case and change it either one way or the other.

I would remind the minister that this matter has been taken up with the government by a number of people. I have in my hand, for example, copies of letters that have been exchanged between the Victoria and district trades and labour council and the Minister of National Revenue (Mr. McCann). My time is passing so perhaps I had better not read all the correspondence. However, I would simply indicate that the Minister of National Revenue replied on January 11 of this year to the secretary of the Victoria and district trades and labour council to the effect that expenses of trade unionists in attending conventions could not be allowed as a deduction from income in their case. He went on to say:

> I would draw to your attention that members of the legal and medical professions who derive their incomes from an office or employment are not allowed any deduction from such income for convention expenses.

That is true, Mr. Speaker, but there is a catch in it, for most lawyers and doctors are not in that category while most trade unionists are. That is exactly the position we were in when we were debating union dues versus law society dues. Drawing a line like that is drawing a fictitious and unreal line. The fact of the matter is that in actual practice most lawyers now have the right, if they attend a convention of the Canadian Bar Association, to deduct their convention expenses, but practically all trade unionists—indeed all of them—are cut off from that right because of the nature of their income.

We have had other lines of this kind drawn in the income tax laws throughout the years. I can think of one that used to be there that drew a false distinction between sleeping car conductors and train conductors in respect of a matter having to do with income tax. For years it was held by Mr. Ilsley that nothing could be done about it but in due course the line was changed and a more sensible position was taken. I urge that this matter be looked at on the basis of fairness and that the law be changed so that it will be equal in its application to all our people. Surely that is the basis on which laws should be enacted, and I urge this most strongly upon the Minister of Finance.

There are a number of other matters I wish to speak about but I will use what time I have left to say a few words on the other side of the medal. The Minister of Finance is aware of the fact that I have had a good deal to say in budget debates throughout the years about deductions that I think should be allowed to people, and I think he will give me credit for the fact that the appeals I made have been like the one I have just put forward, on a basis of what I regard as essential fairness. But he may say to me: Yes, but you never suggest ways and means by which more revenue might come into the treasury. I should like

to make one or two suggestions along that line right now. I have in my hand a clipping from *Business Week* of April 21, 1951. I admit at the outset that it is about a year old and also that the figures contained in the article relate to the United States and may refer to an earlier year, but I suggest that they are symptomatic and that attention should be paid to them.

The article and the table with it tell us what percentages of various kinds of income are reported to the tax collector in the United States and taxed accordingly. For example, we are told that the picture in the United States is that 99 per cent of trust fund income is reported and accordingly taxed, and that 95 per cent of wages and salaries is reported and taxed. However, only 76 per cent of dividends is reported, only 71 per cent of entrepreneurial income is reported, only 45 per cent of rental income is reported and only 37 per cent of income from interest is reported. Let me make it perfectly clear that these are figures for the United States, and they may be for a few years back because the clipping is dated April 21, 1951, but I suggest that a real effort should be made by the Canadian income tax authorities to make sure that other classes of income are put in the same position as wages and salaries.

So far as the income tax authorities are concerned, the man on a wage, the man on a salary, has had it. His income is spelled out clearly on the T-4 slip he gets at the end of the year. The wheat farmer of the west is in much the same position because he sells his wheat to the wheat board. But there are the other groups which *Business Week* suggests manage in one way or another to report less than their total income. I submit that, if the figures for Canada are in any sense comparable to the figures I have given, there is a substantial sum of income in this country escaping taxation because it is not got at as readily and easily as wages and salaries.

On the other side of that picture I suggest to the Minister of Finance that the deductions allowed in the corporation tax and the deductions allowed to business people, entrepreneurial people and so on should be tightened up. To my way of thinking there is too wide a discrepancy between the limited deductions allowed to the average taxpayer on wage or salary and the wide variety of deductions allowed to those whose income is gross from which they make their various deductions. We have heard these matters discussed in the house from time to time, trips by businessmen and all sorts of expenses that somehow or other are allowed if you are on gross income. I suggest there is a real field there for tightening up and for increasing tremendously the amount of income on which government taxation might be levied.

To use the language I used a moment ago, I say again that the wage earner in particular has had it. He gets his income in the form of wages that are paid to him by his employer. In the first place most of his income tax is deducted at the source. At the end of the year he gets a T-4 slip showing the amount he has earned. There is no getting out of that, and the kinds of deductions that he can make on his income tax form are so few that it only takes him half an hour to make out his income tax return. There is nothing he can do about it. But the type of person who is on gross income and who is permitted a whole host of deductions can stay up all night, or two or three nights, thinking up ways and means by which to cut down the amount upon which he pays taxes. I submit that in view of the figures I quoted from *Business Week* there is a wide measure of income the government could tax to far more than offset what it would cost the treasury to implement these proposals for fairness as amongst other groups to which I have referred. Indeed I am satisfied that what would be lost to the treasury by removing the 4 per cent floor under medical expenses, for which the house voted on March 26 and concerning which I have spoken a number of times, would be more than offset if the minister would pay some attention to the type of suggestions I am now making.

I am just about through, Mr. Speaker, but in this connection I have in my hand a clipping from the New York *Times* of September 23, 1951, headed "Expense accounts held tax source". The dispatch is by a writer named Clayton Knowles—a namesake, although I do not know him. It is datelined at Washington, September 23 last, and reads:

> In a move to increase the tax yield, Senator Paul H. Douglas, Democrat of Illinois, proposed today to limit tax deductions for business entertainment and travel, to reduce opportunity for "high living at public expense."

The article goes on to say that Senator Douglas proposed to strike out deductions for liquor and for entertainment, and to limit allowable travelling expenses to $12 a day. This was commented upon in an issue of *The Nation* which appeared shortly after Senator Douglas introduced his bill, in these words:

> The suggestion of Senator Douglas that congress limit the deduction of entertainment and travel

expenses from taxable corporate income will probably strike more fear into the heart of the average businessman than all the talk of higher corporate rates.

That is why I suggest that if this policy were pursued the minister might pick up quite a good sum of money, more than enough to offset the cost of some of the things we have been asking for. The dislike of business for a suggestion of this kind shows there is real money to be found in this way. This editorial in *The Nation* goes on to say:

It is no secret that high corporate rates, especially the excess profits tax, have increased the temptation to pad the expense account in order to reduce the tax bill. The "swindle sheet" today takes more money from Uncle Sam than from the employer. So while applauding Senator Douglas' suggestion, we wonder why it singles out liquor and travel.

Some hon. Members: Time.

Mr. Knowles: I hear hon. members calling "time", and for once I agree with them; I see that my time is gone. I commend the rest of the editorial from which I have been quoting, for it makes other valuable suggestions. I hope the minister will pay some attention to the proposals I have made in the latter part of my speech, as to ways in which he might pick up more money; and at the same time I urge him to pay attention to my plea for fairness, which I made earlier in my remarks tonight.

Mr. P. T. Hellyer (Davenport): Mr. Speaker, some time ago the right hon. Minister of Trade and Commerce (Mr. Howe) gave me very good advice. He said, "Listen carefully for a while, and then make a speech on a subject close to your heart." Tonight I would like to speak on housing, a subject that is close to my heart.

Historically housing accommodation was supplied by fathers to their sons when they got married and set up their own establishments. This was taken as a matter of course and proceeded from generation to generation. Masters provided housing for servants, and it seemed a very workable and very satisfactory system.

Mr. Wylie: Times have changed a lot.

Mr. Hellyer: Just as my hon. friend interjects, times have changed. Whether we liked it or not we had the great industrial revolution, which produced results both good and evil. Unfortunately we have to take the evil with the good. However desirable the old system may seem in retrospect, it is impossible to return to it. So we might as well be realistic and accept the situation as it now exists, and do the best we can with it.

I know all hon. members are as interested in this subject as I am. The situation in the city from which I come and part of which I represent is not good, and certainly is deserving of a great deal of study and research. In Toronto a married couple without children can find accommodation in a single room for a fairly modest amount, and can get along quite well. But as soon as they start raising a family they immediately project themselves into the position of having to seek accommodation which will cost double or treble that which was required of them without children. It is owing to this unfortunate social handicap and to the fact that recently the proportion of house building in respect to total construction has been in serious decline that I feel further study must be given to the problem of increasing the supply.

I suppose the next logical point is, whose responsibility is it? Constitutionally, according to the judicial interpretation of the British North America Act, it is a provincial responsibility. However, I feel that because the constitution is a product of human beings, it should not be allowed to interfere with the welfare of the people. Actually the problem breaks down very nicely and naturally into aspects. The first, the federal aspect, is the financial responsibility. The federal government has been charged with the responsibility over money and banking. Owing to the tremendous capital investment required it is beyond the ability of any other level of government to take care of the problem. It is quite natural, then, that the financial responsibility should be looked after where that can be done adequately, and that is in this federal parliament.

Then there is the provincial aspect. Under our constitution property and civil rights fall within the jurisdiction of the provincial governments. Therefore it is quite reasonable and logical that the provinces should undertake the responsibility of providing the land and services necessary for these housing developments. In addition, there is a very definite private responsibility on the part of the industry, and I think the industry will do its part to accept that responsibility.

I will discuss these points in the order in which I have outlined them. The first is the federal aspect. As you all know, through the agency of Central Mortgage and Housing Corporation the federal government makes joint loans to prospective home owners and also to builders for speculation. These joint loans are made with Central Mortgage and Housing Corporation putting up 25 per cent of the money, and the lending institution, ordinarily an insurance company or trust company, the remaining 75 per cent. In effect this means that the availability of mortgage

financing is directly tied to the selling of insurance. This raises a very logical question. What possible connection has the selling of insurance with the need for residential housing? In addition, as my hon. friend and colleague from Spadina (Mr. Croll) outlined this afternoon, at the moment we are faced with the problem that the net return to financial institutions on N.H.A. loans, after charges for administration, is approximately 4½ per cent.

These companies now find other equally or more attractive investments in the commercial field. This substantiates mere balance sheet decisions against National Housing Act loans. But I personally think that the insurance companies have a great moral responsibility not only to their policy holders but to the public at large; they have a trust to ensure and to preserve our way of life and to keep it worth fighting for.

There seems to be a widespread impression that mortgage financing is in the field of risk capital. I personally do not subscribe to this theory because I feel that in a stable economy investment in good, sound housing is not of a risk nature; it is not of a great risk nature, anyway. If we have another depression which is nearly comparable to the one experienced in the 1930's I believe we would have either a change of government or revolution; and probably in either case the paper that the mortgage companies and the insurance companies held would not be worth much.

In a stable economy it would seem that the interest rate on residential mortgages is too high. Mr. Speaker, we fight wars with 3 per cent money and we fight the causes of wars with 5½ per cent money. Is that a sensible thing to do?

Mr. Low: No. It is nonsense.

Mr. Johnston: This is the most sensible speech I have heard from the opposite side of the house.

Mr. Hellyer: Next is the provincial aspect. Generally the provinces must co-operate fully with the municipalities in supplying serviced land and educational facilities. In many areas these fields have been left on the doorstep of the builders. I cannot see why the builders should have to shoulder the entire responsibilities of the municipalities and the provinces put together.

If I may mention my own province, may I say that in it there is a great field for educational aid. The cost of education to municipalities makes almost prohibitive the allowing of new subdivisions. Consequently the municipalities are doing everything in their power to restrict and to obstruct new

subdivisions for residential housing. They admit this fact quite openly. In the paper last week there was an article written of and subscribed to by the reeves of various municipalities in the greater Toronto area, stating that circumstances make it almost impossible for them to supply educational facilities for new residential subdivisions.

As a representative of a Toronto constituency I know hon. members will excuse me if I just touch on our own problem briefly in the course of my remarks.

Mr. Low: It is a typical problem.

Mr. Hellyer: I have here a clipping from the Toronto *Daily Star*, dated Saturday, March 8, 1952. It is an article as a result of a speech made by a Conservative member of the provincial legislature. The member who was speaking was Mr. Harold Fishleigh, Progressive Conservative member for Woodbine, Toronto. He has this advice for our provincial government:

> Appoint an official with authority to:
>
> Acquire land immediately for 30,000 homes. Survey, prepare plans and register same. Let sewer and water contracts; build water works and pumping stations, plus primary schools.
>
> Sell the land to builders at a fair profit and business frontage for as high a figure as can be obtained.
>
> This would give 30,000 homes per year within two years at no loss to the province and give the outside municipalities a chance to obtain more industries on their land and get their affairs in order so they could revert back to installing the services and putting them on the tax rate.

I can offer to the premier of Ontario no better advice than that given by his own supporter. I think it is sound and factual. This procedure would, as Mr. Fishleigh has stated, increase the supply of housing, owing to the favourable conditions; and also—he did not mention this but I think it is almost beyond dispute—it would mean, if that land were sold at even a modest profit to the province, a saving of from $300 to $500 for each and every housing unit built on it. This saving would be passed on directly to the individual purchaser. The entire operation would be self-liquidating and would not cost the taxpayers a cent.

There is also the responsibility of the industry itself. In this connection there is vast room for improvement. I think the industry recognizes this fact and is doing everything that it can to co-operate in overcoming the problems.

First, there is the problem of building products. I have here a clipping from another Toronto newspaper of probably some authority, namely the *Globe and Mail*, of Monday, February 6, 1950, and which is headed "Sees Obsolete Methods Behind Housing Lack".

Mr. Fleming: The hon. member said the date was 1950.

Mr. Hellyer: That is what it says here. I do not know whether or not it is a typographical error. The article reads in part:

> Antiquated building methods, lack of organization in the building industry, obsolete ways of manufacturing bricks and restrictive labour practices were cited as among the hitches in housing by two authorities last night.

One of the authorities was P. A. Deacon, Ontario chairman of the Community Planning Association of Canada, and the other was J. Louis Shannon, one of the Toronto controllers. These gentlemen are quite accurate in some of their observations. Even the bricks we use are not standardized. There are many different sizes and such a simple device as a storey rod so that all houses come out at the same level at the first storey is practically impossible because one type of brick runs you an inch higher and another type of brick runs you an inch lower, and standardization is impossible.

Builders in the United States are attempting to inaugurate and implement a system of modular construction; and I understand they are finding it quite successful in cutting the cost of production. I think we would be wise if we could follow their example in that respect. The whole industry needs streamlining. It needs a great deal more engineering. It is of course difficult for this to be done unless it can be provided with some sort of continuity. It is necessary to have a sufficient supply of mortgages to keep building operations more or less continuous. Otherwise the advantages derived from planning and engineering are lost in the muddle of jumping around and waiting for new mortgage finances. It also makes it difficult to maintain an adequate and competent staff. Trained people just do not like jobs in which you need them for a while and then do not need them for a while, where you do not need them for a few weeks, and vice versa, and back and forth. If the flow of mortgage financing was more or less continuous it would enable the industry to enlarge consistently for a few years and provide more capital, it would enable them to buy more and better equipment, to cut costs all the way along the line, and to take advantage of some of the elementary and basic principles of savings that are involved when one plans and co-ordinates production as is done in all manufacturing industries—as a matter of fact, in most industries outside of the house building industry.

The house building industry is probably one of the most inefficient remaining in our country today. One of the greatest single problems is the supposedly uncontrollable factor of the weather. Winter building probably does more to disrupt continuity than anything else except the mortgages. It is a problem that I do not think is completely hopeless, but it does require very extensive research, and also a great deal of capital and very expensive equipment. I have some ideas on the subject which, from an engineering standpoint, I think are quite sound, but it would require a tremendous amount of capital to implement them, and the building industry, owing to the fact that it has had only a few good years, is still slowly emerging from the infant stage and is not yet financially capable of expensive capital outlay. It will take a while to reach the size where it can produce units efficiently the way other industries produce their product. However, there is hope in this field, and every effort should be made to continue the research and to take advantage of any constructive ideas.

Another problem in the house building industry is labour. The productivity of labour in the house building industry is very low. This is not entirely the fault of the workers. As a matter of fact it is probably not even largely their fault. I think that a great deal can be done in this regard, and especially through the medium of continuous building, and if possible year-round building. At the moment the building trades in the Toronto area are seeking very substantial wage increases. Perhaps they are being misled, not intentionally, but inadvertently. Much has been said in the last year about diminishing returns. The Minister of Finance (Mr. Abbott) found it only too true with his tobacco taxes. I think that the people engaged in the building trades will find it true this year if they are successful in obtaining the increases that are asked for.

They are going to proceed to price the industry out of the market even further, and it is almost priced out of the market now. It will be impossible to ask the mortgage companies to absorb the entire increase in costs in the mortgages, and it is reasonable to assume that the entire cost of increased wages will be reflected in the down payment, and this will tend to restrict even further the effective demand for housing, with the logical consequence that fewer houses will be built, fewer months will be worked, and on a yearly basis less income will be derived by the people engaged in the industry. It is possible that a few people working in the general construction side of the construction industry may benefit, those who have guaranteed year-round employment; but generally speaking, especially in the house building trades, where employment is of a seasonal nature, they may find that they

will have a smaller yearly return with the higher wage than they have at the present time, working more months of the year. This is a very old problem, the matter of short working periods among the building trades, an age-old problem, and it is one of the very difficult and seemingly insurmountable obstacles in the way of streamlining the industry.

It is not fair to take so much of the time of the house talking about housing without making some concrete suggestions. I have a few recommendations to make which fall largely into two classes: First of all, the short term, and second, the long term. In the short-term field I feel that the federal government should immediately increase its proportion of the joint loans from 25 per cent to 33⅓ per cent. I am sure the Minister of Resources and Development will concur in that.

Mr. Fleming: If he were listening.

Mr. Croll: He is.

Mr. Hellyer: And also at the same time reduce the interest rate on the total loan by one half of one per cent, to four and a half per cent. I suppose an aside should not be brought into a discussion on housing, but the Minister of Finance is present tonight, and since this is an address on the budget I might just state very briefly my views on tampering with interest rates as a tool of combating inflation. I personally do not believe that raising interest rates on long-term mortgage contracts is a legitimate method of combating inflation. It is the only method that this government has used in their battle against inflationary pressures that I cannot support wholeheartedly and without any reservation. I think generally speaking they have done a magnificent job, second to none in the world. They have shown that inflation can be curbed by monetary and fiscal policies, but they have also proved to those who are interested in the subject that depressions also can be cured by applying the tools in reverse, and it rather refutes the arguments of some of our friends to the left that in order to have a consistently productive and acceptable economy we must have either a war or a rumour of war. I think that idea in future will be completely disintegrated, and it will become accepted that in a diversified economy it is possible so to control matters that the hills and valleys are levelled out pretty well to a reasonable plateau.

In this respect, I think the government is to be complimented. It has done a remarkably good job on its fiscal and monetary policy, but I think changing the interest rates is a little bit like correcting a school child by slapping his ears to such an extent that he loses the use of his hearing. It is a long-term corrective. How do we know that ten years from now we will want thousands of contracts with a high interest rate? At the moment it may be expedient to have very high interest rates on mortgages, but what will it be like five years from now or ten years from now when these contracts are still in operation?

This is a subject which cannot adequately be dealt with as an aside in a discussion on housing, and consequently I will not elaborate on it, but I would love to sometime. I cannot agree with the raising of interest rates on long-term contracts, and consequently I propose that in addition to increasing the Central Mortgage proportion of the joint loan, the interest rate be reduced to what it was last year.

Second, I think the Central Mortgage and Housing Corporation should increase the differential of guarantee on long-term amortization to make it more attractive for the lending institutions to increase the amortization period. At the moment some difficulty, in fact substantial difficulty is being encountered in effective demand, owing to the fact that the people are not making enough money to carry the loans on new houses. If the amortization period could be increased to 25 years it would increase the number of prospective customers substantially, and I think would be very helpful. However, I can understand insurance companies being reluctant to do this unless there is an even greater differential in the guarantee.

Then, Central Mortgage and Housing Corporation could increase the differential of guarantee for outlying districts, such as North Bay. This would be helpful to the hon. member for Nipissing (Mr. Garland), who was so concerned about this problem—and rightly so.

Then, fourth, in cases where applications are turned down by lending institutions, and especially in outlying areas, I think Central Mortgage and Housing Corporation should again make direct loans available to prospective purchasers.

Turning to long-term requirements: I think the greatest single hope of the building industry is the hope of becoming a greater industry so far as physical volume is concerned, an industry which would turn out more units per year, the year round, and consequently could take advantage of the efficiency to be achieved in that way. This would be real progress, and would be a real gain in wealth which could be passed on not only to the customers but also to the workers in the industry.

Secondly, I think a national conference should be held, or at least that it would be helpful, to discuss building codes and the standardization of materials. Building codes are antiquated. They vary from municipality to municipality, thus making it very difficult for a builder to carry on operations in four or five places at one time owing to the fact that in one place he is permitted to do one thing but is not permitted to do it in another, and vice versa. This makes uniformity and standardization most difficult. Any step taken in the direction of uniformity of standards in building codes, on a national level, would be most welcome. The same would apply to any discussion respecting the standardization of building materials, at the same level.

Such a conference might not accomplish a great deal; its progress might be slow. Those of us who are young, in particular, have to learn that progress is slow, and sometimes only piecemeal; but progress is sure if one keeps plugging at it. We must realize that building codes are not going to be made uniform or standardized overnight. Building materials cannot be standardized overnight. But progress can and should be made in that direction, so that the next generation will be able to reap the benefits from these tedious but consistent improvements.

In closing my remarks may I point out that in my view housing is a serious domestic problem, especially in the urban centres of our great country. Perhaps the only other comparable one is the necessity of retaining the purchasing power of our currency. If these suggestions are implemented they will aid in the development of a new generation of sturdy, self-reliant and responsible citizens who will take their place, as was said so eloquently this afternoon by the hon. member for Oxford (Mr. Murray), as our greatest national asset.

Mr. F. D. Shaw (Red Deer): Mr. Speaker, my warmest congratulations are extended to the hon. member for Davenport (Mr. Hellyer) on his most objective approach to a very serious problem, namely that of national housing.

This afternoon the hon. member for Spadina (Mr. Croll) made an excellent contribution to the debate, and this evening the hon. member for Winnipeg North Centre (Mr. Knowles) dealt with the same subject. From time to time others have laid emphasis upon the urgent necessity for an overhaul of the National Housing Act.

Speaking in the house on Thursday, May 1, my colleague, the hon. member for Bow River (Mr. Johnston), devoted considerable time to a discussion of this subject. He concluded his speech with this observation:

> It seems to me that this government should introduce some legislation that would afford some protection of the money which the home builder has invested, and which would ensure that the money was properly spent.

It is our conviction that the minister has now heard sufficient hon. members within the house, and also he must have read sufficient criticism as it has appeared in the newspapers emanating from many parts of Canada, to cause him to take immediate action to see to it that appropriate amendments to the National Housing Act are brought before the house.

It is not my intention to devote much time to a discussion of this subject, more than to say that those of us in some of the smaller centres, because of the withdrawal of the lending institutions from so many of the smaller communities within Canada, have been greatly inconvenienced. In this way there have been taken away from the people of those communities benefits which would have accrued to them as a result of the National Housing Act.

May I emphasize that the time has long since passed when, through the Minister of Resources and Development (Mr. Winters), the government should take appropriate and effective action to solve this mighty and serious problem.

The amendment offered by the Progressive Conservative party is in these words:

> That all the words after "that" to the end of the question be deleted and the following substituted therefor:
>
> "the proposals of the Minister of Finance are unsatisfactory because they would continue to levy excessive and unjust taxation instead of assuring substantial tax reductions.
>
> This house condemns the government for taxing far beyond actual requirements and for its waste and extravagance.
>
> And this house regrets the failure of the government to assure efficient administration in all departments of the public service.

We of the Social Credit group agree with that amendment. It is true that in his budget address to the house the Minister of Finance indicated that there would be certain tax reductions. First of all, there was the tax reduction upon automobiles. The minister was told when that tax was increased—as it was increased some months ago—that there would be substantial hardship imposed upon many persons who found it absolutely essential to have automobiles in pursuing their normal activities of life. He has since learned; but I am wondering if he did not know a year ago, or if this action has not been the result of a lot of costly publicity in which the automotive dealers had to indulge in order

to secure at least a measure of justice, or to remove a large measure of injustice.

It is also highly significant that only this day has the Minister of Finance deemed it advisable to remove credit restrictions upon purchases. I wonder, too, if it is not significant that that action was taken just at this time, instead of several months ago. I suggest it is highly significant that it is taken at this time, only four weeks away from the election date in a province from which the greatest objection came with respect to these unfair restrictions. I am speaking of the province of British Columbia.

It was also noted that the minister saw fit to reduce taxes on cigarettes. Was he not told a year ago exactly what would happen? Was he not warned that the law of diminishing returns would assert itself? Did he not realize the extent to which smuggling would be undertaken? Could he not have envisioned the tremendous cost, quite apart from the loss in revenue, which would accrue as a consequence of having to have our customs officers and our R.C.M.P. running back and forth across the country trying to apprehend smugglers when there was much more important work for them to do? Surely he must have realized that a year ago. We are not unmindful of the arguments which he advanced in connection with the previous budget and we realize now just how weak they were. I trust the Canadian people do also.

There is a reduction in the taxation upon electrical appliances. I believe it was the hon. member for Greenwood (Mr. Macdonnell) who laid emphasis upon how unfair it had been to young people who had attempted to set up homes during the past year and who had suffered this heavy penalty as a consequence of paying this tax during the operation of one year. Talk about discrimination, there is an example *par excellence*.

I have been impressed by certain observations made by hon. members of this house during the course of the budget debate. I was struck by one observation made by the hon. member for Greenwood, I believe on the same evening the budget was brought down. He said that the Minister of Finance (Mr. Abbott) had made the Canadian people tax conscious—he certainly has done that—tax puzzled—it is not a day dream—and tax angry—which is a reality. All one has to do is to be in closer contact with the Canadian taxpayer than the Minister of Finance seems to be to realize just how true that observation is.

It has been emphasized by some hon. members during this debate that once more there has been discrimination against the Canadian taxpayer who suffers from an extremely low income. We have again placed him in a position where tax reductions which he receives are on a percentage basis much less than the benefits extended to those in the higher income brackets.

My leader, the hon. member for Peace River (Mr. Low), referred to the disastrous effect which the government's tax policy is having upon farm and other types of production within this country. It has imposed upon the minds of our Canadian producers the fear that something disastrous may result as a consequence of producing to the optimum level. And this in the face of the fact that everywhere in Europe we find that persons are so much in need of the commodities which we are capable of producing. To me all this is not a bit surprising. It simply represents a continuation of unimaginative Liberal financial policy.

The other day I made a rough computation—actually it is not so rough—to ascertain if possible the net effect of the federal government budget upon the taxpayers of the provinces. It was quite natural and normal for me to think of the province of Alberta because that is the province whence I come. Figures were available only for the fiscal year ending March 31, 1951, and I find that during that fiscal year the federal government took out of my province the following amounts:

General income tax	$40,780,457.98
Corporation tax	22,587,274.85
Non-resident tax	809,109.71
Gift tax	110,028.30
Deferred tax	4,837.60
Private companies tax	4,697,480.43
Excess profits tax	583,338.88
Succession duties	1,839,098.54
	$71,411,626.29

That was a total for one year as far as those taxes were concerned. But let us consider the excise and customs duties. An estimate which has been computed as carefully as it is possible to compute it, and which I believe is on the conservative side, indicates that during the year there was taken from the taxpayers from my province through excise taxes and customs duties imposed by the federal government, a total of $105,285,714, making a grand total up to that point of $176,697,340.29.

Is that all? Certainly not. Through the devaluation of the Canadian dollar, which has resulted as a consequence of federal government fiscal policy, and based on the cost of living index for 1951 of 184·5, the people of my province lost through that devaluation a total of $391,500,000.

Mr. Low: Straight confiscation.

Mr. Shaw: Outright and downright confiscation. I have mentioned the losses accruing as a result of the freight rates differential. My province is at the apex of the Canadian freight rates structure. The goods which we export, including our raw materials, must be quoted f.o.b. Halifax, Fort William, Toronto, Vancouver or some other place and then we must pay more for the manufactured goods imported into the province. All this as a consequence of the freight rates structure. Just to show how ridiculous that can be, let me tell you that certain goods manufactured in central Canada are shipped through to Vancouver, placed in warehouses and then shipped back to Calgary and Edmonton by local freight which is more costly than the transcontinental rate. That can be done more cheaply than to unload them at Calgary or Edmonton on their way west. What that costs us, heaven only knows, but it runs into hundreds of millions of dollars every year.

What have we lost as a consequence of the settlement of the British wheat agreement? That must run into tens of millions. Western Canadian farmers as a whole lost $376 million but a substantial part of that was borne by the farmers of my province.

I happen to represent a part of Alberta where a lot of feed grain is grown. The farmers of that area find it profitable to procure feeder livestock and feed the home-grown products. Last year the farmers in my district through two feeder associations bought $500,000 worth of feeder livestock at anywhere from thirty to thirty-four cents a pound. Then what happened? After feeding that livestock all winter the price was pegged at a figure which will gross them about twenty-two cents per pound. Those farmers have lost tens of thousands of dollars as a consequence of that action.

I have always maintained that that was something which could have been avoided had the government taken proper steps. The thing to do was to have called a conference of the provinces so that no such thing as a vicious embargo would be established by one province to keep out goods from a neighbouring province.

Sometimes we are told that we provinces—I am speaking now as though I were a province—should be most grateful for the subsidies and grants which the federal authority makes available to us. But in the case of my own province these subsidies, grants and payments for such things as irrigation and public buildings do not equal more than approximately 50 per cent of the taxes which were extracted from the people of that province by the federal authorities in the year 1951. That is without taking into account all these other losses which in some cases it was quite impossible to calculate. I sometimes wonder whether some of these federal grants are made to the provinces with the idea of helping them or is it with the idea of being able to try to claim credit for everything that is done by a province? I well recall that in 1949, after the federal government had undertaken to make grants for hospital construction under certain very specific and rigid conditions, and grants incidentally which in themselves would not build one hospital anywhere in Canada, the government came along at election time and said: Yes, you have lovely hospitals but we put up the money to make their construction possible.

As I say, I wonder sometimes whether the Minister of National Health and Welfare (Mr. Martin) was actually concerned about health and welfare or was he more concerned about getting his toe in so that somebody else could claim credit for all that was done? We are grateful for these grants, certainly we are, but at the same time it seems to me that there should be a little reasonableness, a little more good sense, and some people ought to have their feet a little more solidly fixed on the floor before they make some of their utterances.

Mr. Byrne: You have got yours in the clouds.

Mr. Gibson: No more of that.

Mr. Shaw: I do not mind interjections if they are made in such a tone of voice that it is possible to understand them. I am going to move on to something that I think is of practical concern to the hon. member for Comox-Alberni (Mr. Gibson). We happen to come from a province where gas and oil have been found.

An hon. Member: Gas especially.

Mr. Shaw: I notice that you are clamouring for it though.

An hon. Member: Not this kind.

Mr. Shaw: Developments in the field of gas and oil have been tremendous and have been advantageous not only to the province but to all Canada. Certainly at a time like this, with warnings coming from outside the country of threats hanging over us, nothing can give us more comfort than the knowledge that our oil and gas development has been so phenomenal. What does annoy me, however, is what appears to me to be a deliberate effort on the part of some to injure the industry through deliberate misrepresentation. I am going to accuse the Liberals. I dare say there is not a Liberal member from

British Columbia who would not support the export of gas from Alberta to British Columbia.

Mr. Gibson: You have had our lumber.

Mr. Shaw: That is quite all right. I appreciate that. I am merely asserting there is not a Liberal in this house who would not welcome the export of gas from Alberta to British Columbia.

Mr. Gibson: Hear, hear.

Mr. Shaw: All right. Then I say some of the Liberals from British Columbia should come into Alberta and try to convert their own Liberal leader in that province, a man who is doing more to prevent gas and oil export than any other single person I know. This house was told that the other evening by the hon. member for Calgary West (Mr. Nickle), who certainly knows what he is talking about. It is a strange situation. The Liberal leader in Alberta, not being able to find a sensible election issue, is undertaking to concoct something relative to the oil and gas industry. As far as I am able to ascertain, federal Liberals outside of Alberta certainly do not agree with him. Take a paper like the Lethbridge *Herald*, a Liberal paper which supports the Liberal party in Alberta. It believes in the export of gas from Alberta. Let us take the Calgary *Albertan*. I do not think I should call it a Liberal paper although it has said that in the federal field at least it will support the Liberals. It takes strong issue with the Liberal leader in Alberta because of the damage he is doing to gas export from the province.

The attack first started last fall. At that time the accusation was that Albertans were being bled of their wealth by money powers outside of the province, and that the people of Alberta were not procuring a fair share of that asset. When that did not work the Liberal leader in that province swung to the other side of the pendulum and started attacking the export question. I know why he is doing it. It is because the leaders of farm organizations in Alberta have taken a position in opposition to the export of gas from that province, and therefore such an attitude appears to be politically popular. Conceivably some of the municipal councils have taken the same position, and there is the possibility that political support may be acquired from those quarters. I have an editorial before me certain parts of which I am going to read. They relate to the attacks which started last fall with respect to the share of gas and oil production which accrues to the people of the province. I wish to refer to the Calgary *Albertan* of October 11, 1951. I have quoted the first paragraph once before but it consists of only four lines and I think it is an excellent paragraph with which to commence an editorial of this character. It reads:

> It may not be our duty to keep cleaning up in the trail of Mr. Harper Prowse, but somebody's got to do it. The misinformation he spreads, the twisted ideas he leaves, cannot be left to clutter up public thinking indefinitely.

Mr. Johnston: Is he the Liberal leader out there? You would almost think he was from Ottawa.

Mr. Shaw: I sometimes think the Liberals out there wish he were not their leader. The editorial continues:

> Once more, this time to a Lethbridge audience, the provincial Liberal leader has repeated the myth that the big foreign oil companies are fleecing Alberta of its rich resources with the connivance of the Alberta government. He says that countries like Iran, Iraq, Saudi Arabia and Venezuela get up to 70 per cent of the oil wealth extracted by foreign companies, while the Alberta government is content with retaining on behalf of the people a measly 14 per cent. The figure for the other countries is up to 50 per cent, not 70, according to our information.
>
> Mr. Prowse did not explain—or at least it was not mentioned in the report of his speech—that 50 per cent is paid on net profits and in Alberta it is 14 per cent of gross production. In other countries the government takes up to half of what is left after all expenses are paid, while Alberta takes one-seventh of everything and leaves the companies to pay all expenses out of the other six-sevenths.

The rest of the editorial is extremely enlightening, but I have read that part to show that in the light of the facts the charge that was made last fall, which it was thought would make an election issue, petered out. Now it is the question of export, and once again the *Albertan* comes along with a very effective editorial in their issue of April 30, 1952. Dealing with this matter it has this to say:

> The Liberal party will concentrate on the gas export issue in the coming provincial election because it believes the voters can be stirred by it. It will stand unalterably opposed to export, now or ever. Most other issues will fade into the shadows of that one. The Lethbridge *Herald* supports the Liberal party on general principle. Yet it is also strongly in favour of gas export. We are looking forward to seeing how it can rationalize the contradictions. In its latest gas export editorial it tries to blame the government for public confusion and misinformation. It says the government should have come out frankly two or three years ago and explained why export would be good for the province. But instead of giving that leadership it has been "scared by the political angle," says the *Herald*.
>
> It is true that the government should have been more forthright, and that the politics of it was frightening. But it must also be admitted that all along the government has been somewhat in advance of public opinion—

I feel I can classify this as a Liberal newspaper; and it goes on:

> —and that no government could afford to become too far separated from what the public is thinking.

What the *Herald* glaringly omits to say is that Mr. Prowse and the Liberal party have been

responsible for circulating most of the misinformation. They have deliberately aroused public prejudice and fanned and fed it. They have created public alarm where none existed. They have misrepresented the issue obviously for none but political purposes and it must be admitted that they have had some success.

Mr. Low: A tempest in a teapot.

Mr. Shaw: Right.

Mr. Prudham: Would the hon. gentleman like another editorial to read? I will send one over.

Mr. Shaw: Sure. If my time permits I will read them all. Of course I am going on the theory that the minister would not send it to me if it were going to help my case at all.

Finally, the people are beginning to see the fallacy of the Liberal party position and the unscrupulousness which underlies it. But things like that they have to see for themselves. Mr. Manning could not have forced it on them. In fact, if he had tried to move faster he might have made the Liberal case more plausible.

Then it refers to ambitious politicians and counter-appeals, and also to the very great damage which is being done as far as this extremely important industry is concerned. It also deals with the other equally important aspect of the industry, namely the provision of Alberta natural gas to British Columbia and other parts of Canada. The short concluding paragraph reads:

That's partly true. But let's not forget that the Leader of the Opposition plays a key part in public affairs, and to the extent that he perverts his responsibilities the business of government suffers. Let's put the blame where it really lies.

I am not going to take time to read the editorial the minister sent over to me, because it would occupy the remainder of my time. However, I thank him for sending it, and I extend an invitation to him to put it on record any time he sees fit. I will send it back. It is from the Calgary *Herald*, a Conservative newspaper. It it takes a position in opposition to the export policy of the government of Alberta it is also taking a position in opposition to one of its own Calgary members, the hon. member for Calgary West (Mr. Nickle), who in the course of his speech the other night indicated that he supported the policy of the Alberta government as far as the export of gas was concerned. The hon. member said industry would still come into the province in order to obtain that commodity at the least possible cost.

As far as industry coming to the province is concerned, I would say that quite apart from gas we have not done too badly there. The cost of industrial plants completed or commenced last year in Alberta totalled approximately $65 million, while construction already approved for 1952 is in excess of $42 million. We have been getting industry out there, and we will continue to get it. Even though we make surplus gas available to other parts of Canada we will also obtain additional industry in western Canada —industry associated with the extraction of by-products from the gas that comes out of the ground in the several extremely important fields of Alberta.

As I indicated, Mr. Speaker, all Canadians should glory in the realization that we have such a gas and oil industry in Alberta, and in the years to come I believe we will have an equally important industry in the province of Saskatchewan. That is especially so at a time like this. If war should break out and oil from the Middle East be cut off, the gas and oil of western Canada could spell the difference between victory and defeat. So I deplore actions on the part of anyone, no matter what their purpose, if they result in impeding or perhaps actually destroying an extremely important industry. So I say to the Liberal members from British Columbia and other parts of Canada, if you want gas—and after all you will get gas from Alberta as our surplus becomes available—for heaven's sake come to my province and try to stop the tongues of those who are your worst enemies as far as obtaining gas is concerned; and once again I refer to your colleagues in the provincial field there.

I have practically exhausted my time.

Mr. Prudham: Very good provincial election speech.

Mr. Shaw: Someone says it is a good provincial election speech. I believe that was the Minister of Mines and Technical Surveys (Mr. Prudham). He has already gone into Alberta, where an election has not even been called, and delivered a speech which could be tagged as nothing but a provincial political speech. My understanding is that it went over as a free time broadcast, sponsored by the private radio broadcasting stations in Canada. That is a program which I always assumed was to be objective in character, and non-political. I had no intention of saying that, but the Minister of Mines and Technical Surveys made his interjection and I could do nothing but answer it. He has already started the provincial campaign in Alberta, even though the election has not been called.

Mr. W. J. Browne (St. John's West): Mr. Speaker, for a few minutes I would like to take advantage of this debate to refer to a number of matters of interest to the people of Newfoundland. First I would like to say how pleased everybody must be with the announcement made this afternoon by the

Minister of Finance (Mr. Abbott). It was mentioned over the radio several times, and you could almost hear the people cheering. But this is only what we told the minister he should have done. When he put on the taxes last year we told him he was going to increase the cost of living. I remember a return brought down in reply to a question asked by the hon. member for Victoria, Ontario (Mr. Hodgson) about the increase in the number of refrigerators being imported into the country. It rose from about 700 to a huge number, something over 100,000, because the excise tax had been increased to such an extent that it paid people to buy refrigerators imported from the United States.

That is the answer to the hon. member for Charlotte (Mr. Stuart) and the hon. member for Norquay (Mr. Wood), who have been complaining about the high duties. It was not the high duties that were keeping up the cost of goods in this country; it was the high taxes imposed by the Minister of Finance.

Mr. Stuart (Charlotte): May I ask the hon. member a question?

Mr. Browne (St. John's West): Wait till I get started.

Mr. Stuart (Charlotte): Just one short question. Has the hon. member noticed any difference in the prices of refrigerators and household appliances since the combines investigating committee sat last fall?

Mr. Browne (St. John's West): I will be honest with the hon. gentleman and say I have not. I have not given any consideration to that aspect of it.

Mr. Sinnott: And you are supposed to be an honest man.

Mr. Browne (St. John's West): What is this? Are we going to have a free for all, or am I going to be permitted to make a few remarks on this subject? It was not only in regard to the manufacture of automobiles, refrigerators, electric stoves and that sort of thing that high taxation had an effect. In my constituency there is a small industry run by a man whose father before him was engaged in the business of manufacturing trunks. In many of the outport settlements of Newfoundland people use trunks as wardrobes of a sort, in which they keep their belongings. People buy trunks and keep their good things stored in them. Before I came here for the session this gentleman came to me and pleaded almost with tears in his eyes for me to try to get our Minister of Finance to do something about taking off the taxes. He did not mind the sales tax so much, but this heavy excise tax was putting him out of business. He had been in that business all his life, since returning from the first world war, and his father had been at it before him. All my life I can remember seeing that little industry, which now was declining. I am glad to know the minister has at last seen the folly of his taxation policy of last year, and that he has been able to answer the question asked by his parliamentary assistant, and to see that his parliamentary assistant was not quite so sure as he felt himself to be when he asked in the House of Commons here a short time ago, after criticizing the hon. member for Eglinton (Mr. Fleming): "Where, O where, is there any country whatsoever with a sounder economic position than that of Canada?"

I am glad to see that the hon. gentleman has returned to the house.

Mr. Thatcher: It is about time.

Mr. Browne (St. John's West): I do not know whether his attention has been drawn to the editorial in the *Post-Record* published in Sydney, for April 25, entitled "Beating Around the Bush," in which the statements made by the hon. gentleman are criticized, in my opinion, roundly and soundly.

Mr. Thatcher: And fairly.

Mr. Browne (St. John's West): Yes, of course.

Mr. Speaker: Order. I do not think it is in accord with our procedure for an hon. member to read in the house statements that are made outside the house for the purpose of reflecting on statements made inside the house.

Mr. Browne (St. John's West): Mr. Speaker, I do not approve of reading such statements, and I was not reading this article. I was just holding it in my hand.

Some hon. Members: Oh, oh.

Mr. Browne (St. John's West): As I always do, I was going to try to give the gist of the criticism which the hon. gentleman's opinions, expressed so nobly and so boldly here, have aroused throughout the country. The hon. gentleman knows that this is a rich and wealthy country and, if he comes to analyse the prognostications of the Minister of Finance (Mr. Abbott) for last year, I do not think that he can compliment him on the accuracy of his forecast. A man who budgets for $30 million surplus and ends up with nearly a billion, who does not know what to do with it and has to stow away $300 million or $400 million, cannot deserve much credit for accuracy at any rate. This country is a marvellous one. Everyone knows that. But how much better would it be if it had a better government!

Some hon. Members: Hear, hear.

Mr. McCann: Question mark.

Mr. Fleming: And soon.

Mr. Sinclair: Bring back R. B. Bennett! Those were the days!

Mr. Browne (St. John's West): I have the floor, Mr. Speaker. If hon. gentlemen are interested in this subject, they can continue discussing it after I have finished. If we had as Minister of Finance a man of the type of the hon. member for Greenwood (Mr. Macdonnell)—

Mr. Fleming: Hear, hear.

Some hon. Members: Oh, oh.

Mr. Sinnott: What a tragedy!

Mr. Browne (St. John's West): In that event there would be some reason for the hon. member for Coast-Capilano (Mr. Sinclair) asking the question which he asked rhetorically here a little while ago.

Mr. Sinnott: What a tragedy that would be!

Mr. Browne (St. John's West): We have been under severe taxation. The burden of taxation on the people is too great. Everywhere you go, everyone is talking about the same thing: the cost of living is too high and taxation is too high. It must be too high when the minister is able to show such an enormous surplus as that which he had this year. I suppose in no other country in the world has such a surplus been obtained from taxes taken from the people—

Mr. Sinclair: No country in the world has had better times. We have had good times.

Mr. Browne (St. John's West): —when the government did not need it for the purpose of meeting the expenditures of this country. The minister may smile in the comfort of the government benches, but the people in the country are not smiling. The people who have to pay the taxes are not smiling. Taxes are far heavier than the people are able to bear. The people are groaning under the weight of taxation which the minister has put on them with such enthusiasm.

Mr. Sinclair: In times of best employment and best incomes.

Mr. Browne (St. John's West): He has reduced to some extent and eased the restrictions which he put on credit last year. In that way he will have compensated somewhat for the errors he made in his previous budget.

Mr. Sinnott: I suppose the hon. gentleman is content for the people to go on paying $62 million in interest for the next generation.

Mr. Fleming: What does the hon. member know about the next generation?

Mr. Sinnott: You would be surprised.

Mr. Browne (St. John's West): I now want to refer to another subject; it is one in which the Minister of Transport (Mr. Chevrier) is interested. I want to refer to railway matters in Newfoundland. In that tenth province we have a main railway line which extends about 545 miles in a semicircle from Port aux Basques to St. John's. It is a narrow-gauge railway and it now has to face the colossal task of handling the increased trade with Canada that has developed since the act of union in 1949. By that union between Canada and Newfoundland, most of the import trade which we had with the United Kingdom and with the United States has been diverted, and most of the imports of Newfoundland are now coming from Canada. The railway is groaning under the task, and is not able to carry the load; it is not able to keep up with the traffic. A piece of goods—for instance, a refrigerator or a boiler or something like that—shipped from Ottawa takes six to eight weeks to get to St. John's. Is the government being fair to Newfoundland if it is not going to give any better service than that? Even an express package takes from seven to ten days to reach St. John's from Ottawa. A person travelling on the railways can generally get there in four days. Seven to ten days is not the right time for an express package to take to get there. Freight has to wait for seven weeks, and I think that is far too long. In fact, I wonder if the railway will ever be able to bear the traffic as it is today. Will it be able to do so?

The minister knows that there is a bottleneck at Sydney. I know that great works are being undertaken to improve the facilities at the two terminals, namely at North Sydney and at Port aux Basques. Please God that in another three or four years we shall have in service across the straits a ferry which will be able to handle the passenger traffic at its peak, and also able to carry most of the freight and to accommodate tourists with their cars in the summertime. But it is going to be at least three years before that ferry will be in operation. Construction has been delayed. It has only just started now, and the people cannot expect much relief in that direction until that time at least.

So bad is the situation that I wonder if it would not be a good idea for the government to give consideration to the question of building a wide-gauge railway across Newfoundland. It is the only part of the main line of the Canadian National Railways in the country which now is left with this narrow gauge. The government had to build a wide-gauge railway in Prince Edward Island in order to accommodate the traffic. Why should it not do so in Newfoundland? Further than

that, I have heard the suggestion made that it might perhaps be feasible to convert part of the railway line into a highroad and use diesel-operated trucks to carry the freight. In any event, the responsibility is on the minister and he must find some way of solving this problem of improving the means for the transit of goods to Newfoundland, especially to St. John's.

A copy of the *Fundy Fisherman* was sent to me the other day. I am not quite sure who owns it or who is interested in it, but I suspect it is either a Liberal senator or a Liberal member of the House of Commons. In it there is an article dealing with Newfoundland, and in which reference is made to the expectations which the people of Newfoundland had when they came into union with Canada in 1949. The writer of the article in that paper says that the people have reason to complain, that they have a just grievance, in that they are not being treated as they should have been treated. The writer thinks that Newfoundland's public facilities, especially with regard to telephone communication, should be brought on a par with those in other parts of Canada. He points out—as have both my colleague the hon. member for St. John's East (Mr. Higgins) and I in this house—that Newfoundland had a small debt in 1949. It was insignificant when compared with the public debt that was being carried by the people of Canada. It was only about one-seventh of the public debt borne by the people of Canada. This article goes on to say that Newfoundland therefore should have its public facilities improved to a great extent in order to compensate for the increased debt which they have been compelled to bear.

It is quite obvious that the public facilities which we must have down there are better wharves, breakwaters, and various other things to facilitate trade and the natural industries of the country.

I must compliment the hon. member for Saint John-Albert (Mr. Riley) on the fine speech he made in favour of improving the port facilities in the harbour of Saint John, New Brunswick. This spring the board of trade of Saint John, New Brunswick, circularized those members who had visited Saint John last year, and pointed out that the port facilities, although it is a national harbour, were not able to accommodate the steamers coming in there—that they had to wait outside the port for a chance to get a berth at the docks. It is a national harbour, and if the facilities are not good enough it seems to me the government should do something about it.

The *Daily News* of St. John's points out in its editorial of April 24 that the facilities in St. John's, Newfoundland, ought to be improved similarly; that it ought to become a national harbour. Most of the trade is carried on through St. John's; it is the capital of the province; it is a city of nearly 70,000 people. The principal imports have to go through there, and the exports have to pass through there on the way out. The government ought to give consideration to making it a national harbour. In addition, the article goes on to show that it is important from a strategic point of view. During the second world war many naval ships, British, United States, Free French, Canadian and other allied shipping, were constantly using the port, and yet the facilities are not what they should be, although they received great improvement during the war.

I now wish to pass on to another subject, sir, namely that of housing. I want to compliment the minister responsible for the valuable work he did in connection with slum clearing in the city of St. John's and the 140 units which were constructed there during the past couple of years. It is undoubtedly a great improvement, and I am sure that the people who have benefited by that construction appreciate it very much. I am glad to see that a contract has now been let for about 140 more units to be constructed in the city of St. John's.

Mr. Sinnott: Under a Liberal government.

Mr. Fleming: In spite of it.

Mr. Browne (St. John's West): I want to draw the attention of the house to another serious matter—I think I have done so before. I do not know how much it concerns people living in other provinces, but it seems to me regrettable and something that must be repaired, that in the small settlements throughout Newfoundland none of these housing loans or any part of the housing policy reaches them. A man living in a place like Portugal Cove South, near Cape Race, is in this position. I was in his house this past summer and I asked him how he liked living in a place like Portugal Cove South, which is about 90 miles from the city of St. John's. In the winter the roads are usually blocked. There is no communication by road or by steamer with the city, and they are there for the winter. He said: "Well, I am a fisherman; I have lived here all my life and I would like to stay here, but my wife, she's not so keen on it". They had a fine new house, but all the houses in this settlement are a good distance apart. Usually a man has his house built with a garden in front, and then he has his barn and fields for hay and that

sort of thing, and pasture behind, and a hundred feet away there is another house and so on. But they are not laid out under any regulations. Houses of that type are the most numerous ones in Newfoundland. None of them has received one cent of all the moneys that have been poured out or guaranteed by the federal government.

The minister may be interested to know that the provincial government has just introduced a bill to create community councils in settlements that have no town council. They are not big enough for a town council, but they are going to form community councils. I have been one who has criticized the provincial government very frequently when I disagreed with them. Here is something for which I must compliment them. If they are responsible for introducing that piece of legislation then I tell them they are doing one of the best things that they have ever done.

As the minister must be aware, I am sure, one of the first and fundamental things contained in the report of Lord Durham a hundred years ago when he investigated conditions in Canada was that people were going into parliament with not even the experience of having served on town councils, because no such things as town councils then existed. He recommended as the first step in the development of responsible government the creation of a system of councils. Unfortunately we have never been able to develop them sufficiently in Newfoundland. I remember years ago when I had the honour of being in the government, in 1932 or 1933, drafting a bill to form town councils but the commission of government which came in a year or so afterwards did not implement it as it should have done. But a number of small towns were incorporated, and this new bill is going to create a corporate responsibility in a large number of settlements. I hope that when these community councils are set up the minister will give consideration to granting them assistance for the improvement of housing in the small settlements. It is a matter of great concern. I am sure it must have existed in many places in Canada, and still exists, that these houses are often without a regular water supply. They depend upon wells, and they have no sewerage facilities and no form of central heating system. It seems to me that these three things are vital and ought to be introduced and ought to be in the possession of every family throughout Canada. We cannot say that sound housing is possible until these facilities are available.

I remember the late President Roosevelt of the United States taking great credit for the rural electrification of the state of Ohio and of other states through his electrification schemes. Well, it seems to me too that in Newfoundland, where we have such a large water supply, electricity could be a great help in that respect. I think loans should be made available to those fishermen who work so hard, deserve such consideration, and get very little. Very few of them can benefit from this wise and prudent policy of the government.

We have just heard an address by an hon. member who represents a Toronto constituency. But I am speaking tonight on behalf of those who do not live in cities and who cannot easily get accommodation when they are looking for a loan to improve their homes. Therefore they must wait even for years before they can get married, because every nail and every piece of timber or every improvement that goes into the home must be paid for in advance. A friend of mine who lives down there has been two or three years building his home. He is waiting to get the home built before he can get married. He is an industrious man. I do not think it is fair to him. The loans are available to people who live in cities. He is a good citizen, an industrious man and he has to pay for everything in cash. He has not the benefit of that accommodation. Therefore I hope that the minister will give consideration to these points I have raised.

I want to refer to another subject that has always been dear to my heart in regard to Newfoundland. I refer to the question of agriculture. This year in Newfoundland potatoes are reaching the highest price in the history of the island. I think they are reaching the highest price in the history of Canada. Anyway, they cost about 50 cents a gallon in the city of St. John's today. I think that is too much for potatoes. Our people cannot afford to pay that. There is something wrong with our Department of Agriculture, which neglected last year to see the general over-all picture when not enough potatoes were planted. The year before I remember the late member for Victoria-Carleton talking about a floor price for potatoes. Now in Newfoundland they have to put a ceiling on to keep them from going too high in price. What sort of an industry is it when it fluctuates like that? Is that the best type of fiscal policy, or agricultural policy, that we can have—a policy where, in one year, an industry is depressed right down to the bottom, while in the next year no one grows potatoes, with the result that people have to pay enormous prices for them?

I do not hear people in this city of Ottawa talking about the price of potatoes. But in

Newfoundland potatoes are a staple diet. Someone told me yesterday that the government is considering importing potatoes from the United Kingdom. I certainly hope they do, if they can be obtained cheaper, and offered at a cheaper price to the people than the price at which the small supply of potatoes now available is being offered.

The hon. member for Peterborough West (Mr. Fraser) points out to me that potatoes are coming in from the state of Maine. They have always come from Maine, because it is just across the river from New Brunswick. There has been a constant sale of potatoes right here in Ottawa, from the state of Maine.

I remember that in 1932 we bought potatoes in the United Kingdom, some very fine strains indeed. There were the Aran Banner, the Aran Victory and Kerr's Pinks, which the people still grow in Newfoundland. Those potatoes were rot-free and canker-free, and they gave splendid results. In those dreadful years during the depression, the government, of which I was then a member, imported 30,000 or 40,000 barrels of potatoes and gave them to the people to plant. And it was a good thing we did, because by so doing we provided them with a substantial stock of potatoes to carry them through the winter, and to provide them with seed. These strains have been carried on ever since, with the result that in a year when the blight struck most potatoes, those particular ones were free from blight, and therefore were a great help to the bulk of the people who were depending upon them.

I notice that in the report for 1951 there is reference to the setting up of an agricultural experimental station. I went to see that station in St. John's, and I have nothing but the highest praise for the work being done there. But that is not enough; we want more than one experimental station in Newfoundland. I believe there are more than 120 in Canada; but I do not think the Minister of Agriculture (Mr. Gardiner) is taking his responsibilities in regard to Newfoundland seriously enough. On an earlier occasion I asked him to give consideration to the setting up of more experimental stations in Newfoundland so as to demonstrate to the people in the different parts of Newfoundland the type of vegetables that can be grown to the greatest advantage. They could be grown in greater quantities, and in this way increase the amount of produce the people could obtain from their own area.

There is a great amount of trade going on. Wealthy manufacturers are producing large quantities of iron ore from Bell island and from Buchans. We have the greatest pulp and paper industry in the world at Corner Brook and at Grand Falls. We are sending out large amounts of exports of this kind and bringing in a lot of money. But when that money comes in, what do the people have to do? They have to send up to Canada for anything they need. I do not think that is a good condition, when so much they need could be produced in Newfoundland. I do not think any hon. members, including those in the government, would want to see us bringing everything over that narrow-gauge railway, which is about seven weeks behind time in the delivery of goods.

The Minister of Agriculture should give consideration to the setting-up of more experimental stations, and he should consider more carefully the situation of agriculture in Newfoundland. I know the minister is deeply concerned with affairs in his own province at the present time, due to the foot-and-mouth disease, over which he had no control. I know he is very much concerned with that. But, apart from that he has not given the proper consideration he should have given to the development of agriculture in Newfoundland. I must appeal to him again, as I have appealed to him before, to get his men busy setting up more experimental stations down there, with a view to improving the condition. Newfoundland has great possibilities. I know it can produce all the potatoes it needs, because I have studied the matter for years, and have compared imports with the amount required by the people. I know that in some years the total imports have amounted to no more than 50,000 bushels, which is only about 16,000 barrels; and I know that the total production of the country was nearly three quarters of a million barrels. Potatoes are a vital product, so far as the people of Newfoundland are concerned.

Finally, I wish to make reference to the fisheries in Newfoundland. As we all know, fishing is an important industry today in Canada. Through the acquisition of Newfoundland, Canada can now claim to be the greatest fishing country in the world. I know the Minister of Fisheries (Mr. Mayhew) has expressed great interest in the matter. I read an article recently in the *Fundy Fisherman*, taken from the *Liberal Advocate*. It was written by the minister, who makes reference to various aspects of the fisheries. This spring when I asked him if a date had been set for the killing of seals, he admitted that he should have known but said that he did not know. I suggest there are certain features in connection with the sealing industry he ought to look into. I am glad

to know that a date was agreed upon between the Norwegian interests and the interests in our country in regard to the date of killing seals. This is a very important factor in the sealing industry.

Last year the situation was disastrous because there had been no convention, with the result that the seals were killed when they were very young and had not reached a prime condition. Therefore although a ship might bring in 100,000 seals, or 40,000 seals, they would weigh only a few pounds each. On the other hand if they had waited several days, in the light of the fact that a seal increases its weight at the rate of two pounds a day, the seals would have been much heavier in weight and the results would have been more profitable to all concerned.

This year I spoke to the captain of the first arrival, *The Arctic Sealer*—Captain Hill—who is a very experienced sealing captain, and he asked me to draw the attention of the minister to the desirability of protection for certain kinds of seals. There is a seal which is a breeder seal, and which should not be killed. It should be protected for a certain number of years so that the future of the herds may also be protected. I believe it is the Bedlamer seal to which he was referring. Perhaps the hon. member for Bonavista-Twillingate (Mr. Bradley) would confirm what I say in this respect.

I suggest the Minister of Fisheries should give consideration to this point. In the article in the *Fundy Fisherman* the minister pointed out that the government was always giving consideration to the matter of protecting the fisheries. Through an error in the article—and I am sure it must be an error—there is a statement that these fisheries are inexhaustible. I think it should have said that these fisheries are not inexhaustible, and that therefore they must have protection, and that if they are not properly protected they will become exhausted. Certainly if they are not protected they will become seriously depleted, and the industry would suffer.

We know that salmon fishing is a very profitable industry in British Columbia. It is important also in Newfoundland. Fishermen catch salmon and sell it fresh. They also put it in tierces and sell it in a pickled condition. In addition to that, salmon fishing is a great attraction to the tourist. Many Americans come down there in the summer months and fish our rivers for salmon. I have been a rod and fly salmon fisherman for many years and I regret that our rivers are becoming very bad. During the last twenty-five or thirty years I have seen a tremendous difference in our rivers. Too much wood has been cut along the banks and when we have rain or snow there are not sufficient trees to hold back the moisture so that it can flow gradually into the river. The result is that the water runs off quickly and we have floods which wash away the spawning beds. And then quite often a drought will follow and the river becomes low and the fishing is no good. The salmon have trouble getting up and those that do get up die off.

I know that the minister is talking of facts when he speaks of the assistance which has been given in connection with the development of salmon hatcheries and the building of fish ladders and that sort of thing in British Columbia, but he has not done very much in that respect in Newfoundland. I must ask him that he do something about this because it is a pity that our salmon rivers are becoming depleted and are less attractive at a time when we were hoping to profit so much from them.

I am glad to note that we are getting more plants in Newfoundland to preserve codfish in the fresh state and that our United States markets still continue to be profitable. That market is capable of further exploitation. A good deal of fish is sent to different parts of Canada. I am glad to note that at Fermeuse in my own constituency a new plant will go into operation within three or four weeks. The manager of that plant has written to me complaining that he must send forty or fifty miles to get a customs officer in order to enter and clear vessels as that port is not yet a port of entry. I am sure the Minister of National Revenue (Mr. McCann) will give consideration to a reasonable request that a customs post be established in that settlement.

In order that the earnings of the fisherman may be constant he needs a constant supply of bait. Nothing is more important to our fisheries than the provision of bait depots. The Minister of Fisheries (Mr. Mayhew) seems to be a rather timid person and not as generous in supplying bait depots as the Minister of Public Works (Mr. Fournier) in the building of breakwaters and wharves. I am very glad to note that in the constituency of the hon. member for Saint John-Albert two large breakwaters are to be constructed, one at Chance Harbour and one at Lorneville in the constituency. I noted an article in the *Fundy Fisherman* referring to a meeting attended by the hon. member at which they passed a vote of thanks for his attendance. I think he deserved it for getting two breakwaters, one costing $200,000 and the other costing $280,000.

I am sure that both those places are important and that the breakwaters will be most useful, but that total of nearly half a million dollars would construct about eight bait depots. When I write to the Minister of

Fisheries about bait depots he always replies that there is not as much fish caught this year as was caught last year and that there was not as much caught last year as was caught the year before, and so on. He comes back with figures and I must admit that perhaps he is right. There was not as much fish caught this year and there will not be as much caught next year because the people are leaving these settlements. They cannot catch fish unless there is a regular supply of bait.

There is a method of catching codfish known as trawling. This consists of a long line with hooks placed every five or ten feet, the hooks themselves being suspended on lines about four feet long. A trawl might be half a mile long or a long line may be four, five or ten miles long. As every hook is baited you can imagine the amount of bait necessary to bait all the hooks on a line ten miles long when you have a hook every four or five feet. They must have a regular supply of bait. It is most important that the fishermen of Newfoundland should have more bait depots, or if that cannot be done there should be holding depots, places where a supply of bait is readily available to them to prosecute their fishing.

Although the Secretary of State (Mr. Bradley) has many arduous duties to perform he has not lost interest in the fishermen. Recently he made a broadcast which brought forth a blast of withering scorn from the minister of fisheries of Newfoundland. I do not propose to intervene in this interesting argument between the Secretary of State and the provincial minister of fisheries, but the *Evening Telegram* of recent date took up the cudgels on behalf of the Secretary of State.

In an editorial they quoted with approval what appeared to me to be extracts from that radio address by the minister. I am not sure how far I can go quoting these, but reference is made to profits of around $10,000. I was interested in finding out the results of the experiments advocated by the Secretary of State and on March 19 I asked certain questions in this connection which were answered by the parliamentary assistant to the Minister of Fisheries (Mr. MacNaught). The questions which I asked appear on page 585 of *Hansard* of that date and were as follows:

1. What has been the cost since its commencement of the long liner experiments in the Newfoundland cod fishing?

2. What has been the revenue received from the same?

3. What boats have been operating during the past year, and what boats are operating now?

4. What number make up the crew on each boat, and who is the captain of each?

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

Here are the answers by the parliamentary assistant:

The information as to longlining experiments carried out by the federal government in Newfoundland is as follows:

1. $40,181.24.
2. $3,280.98.
3 and 4.

Year	Name of Boat	No. of crew	Captain
1951	*O Johnny O*.....	3	R. W. Decker
	Miss Osborne	4	
	East Wind	4	Gordon Hemeon
	Edward Humby	4	
1952	*Edward Humby*	4	Gordon Hemeon

That answer differs considerably from the statements which appear in this editorial. I should like the Secretary of State, who has been among the first to advocate these long liner experiments, to explain the discrepancy between the figures referred to in the editorial and those given in the answer by the parliamentary assistant to the Minister of Fisheries.

Mr. Deputy Speaker: The hon. member's time has expired.

The house divided on the amendment (Mr. Macdonnell, Greenwood) which was negatived on the following division:

YEAS

Messrs:

Argue	Herridge
Aylesworth	Hodgson
Beyerstein	Johnston
Black (Cumberland)	Jones
Blackmore	Knight
Blair	Knowles
Brooks	Lennard
Browne (St. John's West)	Low
Bryce	Macdonnell (Greenwood)
Casselman	McLure
Catherwood	Noseworthy
Charlton	Nowlan
Churchill	Pearkes
Diefenbaker	Quelch
Drew	Shaw
Fair	Stanfield
Fleming	Stewart (Winnipeg North)
Fraser	Thatcher
Fulton	Thomas
Gillis	White (Hastings-Peterborough)
Graydon	Wright
Green	Wylie—45.
Harkness	

NAYS

Messrs:

Abbott	Carter
Anderson	Cavers
Applewhaite	Chevrier
Ashbourne	Claxton
Balcom	Cleaver
Bater	Cloutier
Beaudoin	Corry
Benidickson	Cote (Verdun-La Salle)
Bennett	Croll
Boivin	Cruickshank
Bonnier	Dechene
Bradette	Decore
Bradley	Dewar
Byrne	Dickey

Dube	MacKenzie
Dumas	MacLean (Cape Breton North and Victoria)
Eyre	MacNaught
Ferrie	McCann
Fournier (Hull)	McCulloch
Garland	McCusker
Garson	McLean (Huron-Perth)
Gauthier (Lapointe)	McWilliam
Gauthier (Sudbury)	Maltais
George	Monette
Gibson	Mott
Goode	Murray (Cariboo)
Gour (Russell)	Murray (Oxford)
Gourd (Chapleau)	Mutch
Gregg	Pearson
Harris (Grey-Bruce)	Prudham
Harrison	Richard (Ottawa East)
Healy	Riley
Hellyer	Roberge
Henderson	Robertson
Henry	Rousseau
Hetland	St. Laurent
Huffman	Simmons
James	Sinclair
Jeffery	Sinnott
Jutras	Smith (Moose Mountain)
Kirk (Antigonish-Guysborough)	Stewart (Yorkton)
Kirk (Digby-Yarmouth)	Stick
Lafontaine	Stuart (Charlotte)
Laing	Ward
Langlois (Gaspe)	Weaver
Lapointe	Weir
Larson	Welbourn
Leduc	Whiteside
Leger	Whitman
Macdonald (Edmonton East)	Winters
MacDougall	Wood—102.

Mr. Ross (Souris): I was paired with the right hon. member for Melville (Mr. Gardiner). Had I voted I would have voted for the amendment.

Mr. Cardiff: I was paired. Had my pair been here he would have voted with me, and that would have been two more votes for the amendment.

Mr. McCubbin: I was paired with the hon. member for Middlesex East (Mr. White). Had I voted I would have voted against the amendment.

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

Mr. J. W. Noseworthy (York South): Mr. Speaker, I realize that I will not win any popularity prize by delaying the taking of the vote on the main motion, but I will try to finish in time to have that vote taken before eleven o'clock.

Mr. Speaker: Order. May I draw the attention of hon. members to citation 467 of Beauchesne's third edition:

> Whenever an order of the day has been read for the house to resolve itself into the committee of supply or the committee of ways and means, the motion "that the Speaker do now leave the chair" must be proposed, except on Thursday and Friday as provided by standing order 28. When such motion is proposed, it shall be permissible to discuss any public matter within the powers of the federal parliament or to ask for the redress of any grievance, and it is not necessary to move an amendment for that purpose; provided that the discussion and the amendment, if one is moved, shall not relate to any decision of the house during the current session—

And so on. Then I would refer hon. members to the latter part of citation 345:

> Members may discuss various matters on the motion for the Speaker to leave the chair without any amendment being proposed; but once debate is stopped on one matter and another matter intervenes, members cannot again discuss the former.

It seems to me that almost every matter which could be discussed has been discussed on the amendment and subamendment, and I do not think it would be in order to revive a discussion on matters which have already been discussed. If the hon. member is discussing something new I think it would be in order for him to do so; but if it is a matter which has already been discussed it seems to me, from the citations I have read, that it would not be in order.

Is it the pleasure of the house to adopt the motion?

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

Mr. Abbott: In view of the fact that it is ten minutes to eleven I would move that the committee rise, report progress and ask leave to sit again.

Progress reported.

VETERANS BENEFIT ACT

PROVISION WITH RESPECT TO TIME OF EXPIRY

Hon. Hugues Lapointe (Minister of Veterans Affairs) moved the second reading of Bill No. 182, to amend the Veterans Benefit Act, 1951.

Motion agreed to and bill read the second time.

Mr. Brooks: Is this bill being referred to the committee on veterans affairs?

Mr. Fournier (Hull): It is being referred to the committee right now.

Mr. Lapointe moved:

> That Bill No. 182, to amend the Veterans Benefit Act, 1951, be referred to the special committee on veterans affairs.

Motion agreed to and bill referred to the special committee on veterans affairs.

VETERANS INSURANCE ACT

PAYMENT TO ESTATES OF FULL AMOUNT OF POLICY

Hon. Hugues Lapointe (Minister of Veterans Affairs) moved the second reading of Bill No. 183, to amend the Veterans Insurance Act.

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

Mr. A. J. Brooks (Royal): Mr. Speaker, it is nearly eleven o'clock. I know there are some hon. members who wish to have some discussion on this bill. I would therefore move the adjournment of the debate.

Mr. Lapointe: Can we not have the discussion in the committee?

Motion agreed to and debate adjourned.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull) moved the adjournment of the house.

He said: Tomorrow we shall take up first Bill No. 183, to amend the Veterans Insurance Act; that is the bill on which the debate has just been adjourned. Then we shall take up Bill No. 184, to amend the Pension Act; the resolution to amend the Civilian War Pensions and Allowances Act; Bill No. 181, respecting allowances for war veterans and their dependents. There are also three resolutions under the name of the Minister of Transport which we shall take up, one respecting the construction of a railway line from Terrace to Kitimat, one respecting the New Westminster harbour commissioners, and one to amend the Aeronautics Act; and also Bill No. 9, respecting the appointment of auditors for the national railways. If we had time left, we would take up the resolution in the name of the Minister of Labour, which is No. 6 on today's order paper.

Motion agreed to and the house adjourned at 10.55 p.m.

HOUSE OF COMMONS

Tuesday, May 6, 1952

COMMITTEES OF THE HOUSE

RAILWAYS AND SHIPPING

Third report of sessional committee on railways and shipping owned, operated and controlled by the government.—Mr. Cleaver.

PUBLIC ACCOUNTS—CONCURRENCE IN FIRST REPORT

Mr. L. Philippe Picard (Bellechasse) presented the first report of the standing committee on public accounts, and moved that the report be concurred in.

Motion agreed to.

HOUSE OF COMMONS

CONCURRENCE IN REPORT OF CIVIL SERVICE COMMISSION RESPECTING CERTAIN EMPLOYEES

Hon. F. G. Bradley (Secretary of State) moved:

That the report from the civil service commission respecting certain employees of the House of Commons, tabled on April 21, 1952, be approved.

Motion agreed to.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 186, for the relief of Ludwik Bulkiewicz.—Mr. Winkler.

Bill No. 187, for the relief of Jean Betton Harris.—Mr. Winkler.

Bill No. 188, for the relief of Violet Mary Bailey Black.—Mr. Winkler.

Bill No. 189, for the relief of Corinne Larocque Sergent.—Mr. Winkler.

Bill No. 190, for the relief of Omer Montpetit.—Mr. Winkler.

HEALTH SERVICES

REPORT OF ONTARIO SURVEY COMMITTEE

Hon. Paul Martin (Minister of National Health and Welfare): I beg leave to table the report of the Ontario health survey committee.

LABOUR CONDITIONS

COMPLAINT AS TO EMPLOYMENT OF UNITED STATES WORKERS IN CANADA

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): Is the Minister of Citizenship and Immigration in a position now to reply to a question I asked him concerning employment of United States workers in some of the very large projects under way in British Columbia?

Hon. W. E. Harris (Minister of Citizenship and Immigration): At the same time that the hon. member for Vancouver-Quadra drew this to my attention I also received letters from the Minister of Fisheries (Mr. Mayhew) and several other members from the province of British Columbia. I have since received rather lengthy reports from four or five companies against which there have been some complaints. Without putting them on *Hansard* in full, I should be glad to show them to any hon. members who would care to come to see them.

I might state briefly, however, that this is the situation:

The Northern Construction Company employs 2,000 Canadian workmen, and seven United States citizens. These seven United States citizens consist of one project manager, three superintendents, one tunnel walker, and two civil engineers.

The Mannix Company Limited have ten United States citizens and 1,130 Canadian employees. Of the ten United States citizens there are one project manager, two superintendents, one assistant superintendent, three foremen, two construction machine operators, and one general office manager.

The Morrison Knudsen Company have 3,100 Canadian employees and 99 American personnel. Then there follows a long list of this personnel.

In general the policy is to admit skilled foremen, and the like, who are permanent employees of these construction companies. I am informed by the companies that they have some difficulty inducing these people to come to Canada to supervise the work because they say that wages are higher in the United States than they can obtain in Canada. Nevertheless we do grant temporary entry to those who, it would appear, could be used to advantage in construction work and thus give employment to Canadians engaged in that work. At the same time it is not the policy of the government to admit persons unless they have a real contribution to make.

The personnel representatives of the companies have been in touch with this department and with the Department of

Labour. They are most anxious to co-operate and to secure their requirements through the national employment service.

As I said, I shall be glad to show these reports to any member wishing to see them.

Mr. Green: Would the minister be willing to table those reports? I would urge upon him the necessity of his department, as well as the Department of Labour, keeping a close check in the matter.

Mr. Harris (Grey-Bruce): We do keep a close check. As I said, the figures indicate the situation. The reports are prepared by these companies, and I would prefer not to table them at least until they are checked.

FUR SEALS

DISTRIBUTION OF CATCH—RESTORATION OF JAPANESE SHARE

On the orders of the day:

Mr. W. Chester S. McLure (Queens): I wish to direct a question to the Minister of Fisheries. Is consideration being given to Japan's claim to the restoration of that country's share in the Alaska fur seal catch and treaty? If so, to what extent will this affect the proportion of the skins that Canada now receives, and has the United States government been acquainted with the matter?

Hon. R. W. Mayhew (Minister of Fisheries): I would prefer to take the hon. member's question as notice, and to answer it tomorrow.

[*Later:*]

On the orders of the day:

Mr. Mayhew: I should like to refer again to the question asked by the hon. member for Queens (Mr. McLure). I left the impression that he had not given me notice of his question, but the fact is that he did give notice. Unfortunately I did not get it until after he had asked the question.

TELECOMMUNICATION

NEWFOUNDLAND-RADIOTELEPHONE SERVICE—REDUCTION IN COST

On the orders of the day:

Mr. W. J. Browne (St. John's West): I should like to ask a question of the Minister of Transport, of which I have given notice. Can he tell us if any steps have been taken to bring about an improvement and a reduction of costs in connection with telephone communications with Newfoundland?

Hon. Lionel Chevrier (Minister of Transport): I thank the hon. member for advising me of his intention to ask the question. The answer is as follows:

Under normal propagation conditions the quality of radiotelephone service with Newfoundland is very good. However, as a result of a deterioration in radio communication generally during recent months the service has not been up to its usual standard of quality, in spite of every conceivable effort by the engineers of the Canadian Overseas Telecommunication Corporation to effect improvement.

The situation is being watched very carefully and the corporation will continue to exert every effort to overcome the difficulties.

The corporation was prepared to consider a reduction in the tariff, but negotiations were still under way in respect of a financial settlement with the Canadian Marconi for their franchise, so it was considered unwise to disturb the rate structure. The settlement referred to was completed last week, and the corporation is taking steps immediately to initiate negotiations aimed at effecting a downward revision in the existing rates.

OLD AGE PENSIONS

ISSUANCE OF CHEQUES IN BOTH OFFICIAL LANGUAGES

On the orders of the day:

Mr. Leon Balcer (Three Rivers): I should like to ask the Minister of National Health and Welfare (Mr. Martin) if any representations have been received by him or his department to the effect that old age pension cheques are not bilingual. If so, what does he intend to do about it?

Hon. Paul Martin (Minister of National Health and Welfare): My hon. friend was good enough to give me notice of his question. The answer to the first part of the question is in the affirmative. Among the recommendations or representations received was one made recently by the hon. member for Athabaska (Mr. Dechene). I can only add, with regard to the second part of the question, that the matter is under continuous study.

AGRICULTURAL PRODUCTS

ASSURANCE TO PRODUCERS OF FLOOR PRICES

On the orders of the day:

Mr. P. E. Wright (Melfort): I should like to ask a question of the Minister of Agriculture. Have any reports been received by the minister, or others in his department responsible for checking, as to whether fair prices are being paid to producers based on the prevailing floors under beef, pork, eggs and

butter? Have any complaints been received from producers or producer organizations with regard to prices being paid to them for these products? I am sorry I did not have an opportunity to give notice of my question. If the minister is not prepared to answer today, I shall be content to have the question stand until tomorrow.

Right Hon. J. G. Gardiner (Minister of Agriculture): So far as the purchase of cattle and hogs is concerned, there is, as the house knows, a board that was set up under an arrangement with the provinces. That board is composed of some seven persons, and there is an advisory committee. The board is arranging for the marketing of hogs and cattle.

They are of course constantly receiving messages from people in different parts of Canada, some of which might be considered as complaints, but others of which might be considered as advice to the board. Occasionally when people are not able to get a satisfactory answer from the board they do wire or write to me. As a matter of fact I received three or four communications today. Those matters are dealt with either by telephone or by wire, as soon as the messages come. They are being constantly dealt with.

So far as eggs are concerned, there have been messages to the effect that there is not a satisfactory situation. I have a delegation coming in tomorrow from British Columbia to discuss the question with me.

Mr. Argue: I should like to ask a supplementary question. Has the minister been informed that the buying price for good steers at Saskatoon is approximately $17 per hundredweight? If so, what steps is the department taking to see to it that the price paid is the floor price of $22.80.

Mr. Gardiner: I have not had that information; but there are difficulties in Saskatchewan owing to the great publicity that is being given to the fact that we have foot-and-mouth disease in Saskatchewan, which seems to have convinced many people that we have it all over Saskatchewan. We receive objections from every province in Canada to taking any cattle from Saskatchewan. We even have objections from other countries to taking any beef that comes from Saskatchewan. Of course we all know that the foot-and-mouth disease area is only about 50 miles square, and that even with the buffer area included it is not more than 100 miles square. In other words, it is a very small part of Saskatchewan. There is no safer place, in Canada or anywhere else in the world, from which to get beef than from the part of Saskatchewan which is outside that area, because it is entirely covered by veterinarians who are checking it every day. And that is the only part of Canada that is. Therefore there is no danger in taking beef from there.

People seem to have the idea that we are having the same trouble everywhere in Saskatchewan. As a matter of fact we are trying at the present time to open up a packing plant that has not been used for packing-plant purposes, in general, in the southwest part of the province, in order to take care of the cattle there that we cannot get to any market at present.

CAPITAL COST ALLOWANCES

DEFERRED DEPRECIATION FOR INCOME TAX PURPOSES

On the orders of the day:

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, I wish to address a question to the Minister of Finance, of which I have given verbal notice. Now that the minister has announced the suspension of consumer credit regulations, is it the intention of the government to take similar action with respect to deferred depreciation?

Hon. Douglas Abbott (Minister of Finance): No consideration has yet been given to any amendment of these regulations.

UNEMPLOYMENT INSURANCE COMMISSION

ADVISORY COMMITTEES—REFERENCE TO RETURN ORDERED MAY 5

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I ask the Minister of Labour to take a look at sessional paper 75, which was tabled yesterday in response to a motion passed by the house calling for the tabling of circular letters 18 and 19 of the unemployment insurance commission. The return that was tabled includes circular letter 18, but not circular letter 19, although there is a note which I would like the minister to study. If there is something that corresponds to circular letter 19 I hope that consideration will be given to tabling it as was ordered yesterday by the house.

Hon. Milton F. Gregg (Minister of Labour): I shall look into the matter.

Veterans Insurance Act

URANIUM

EXTENSION OF GUARANTEE PERIOD FOR PURCHASE IN ORES AND CONCENTRATES

On the orders of the day:

Right Hon. C. D. Howe (Minister of Defence Production): I have had occasion from time to time to announce to the house changes in the policy with respect to the purchase of uranium in ores and concentrates. Under the present policy, Eldorado Mining and Refining (1944) Limited will purchase uranium in ores and concentrates at a minimum price up to March 31, 1960. In recent weeks the advisory committee on mining and exploration has given consideration to a possible further extension of the guarantee period. The committee has now recommended that the period of the guarantee be extended to March 31, 1962. The government has accepted that recommendation. It is hoped that this further extension will provide an additional incentive to the search for radioactive ores.

VETERANS INSURANCE ACT

PAYMENT TO ESTATES OF FULL AMOUNT OF POLICY

The house resumed, from Monday, May 5, consideration of the motion of Mr. Lapointe for the second reading of Bill No. 183, to amend the Veterans Insurance Act.

Mr. A. J. Brooks (Royal): Mr. Speaker, when the house rose at eleven o'clock last night I had intimated that I had a few words to say on this bill to amend the Veterans Insurance Act. The bill is a short one, and it is not my intention to delay the house very long in discussing it. As I understand it, this amendment was made necessary by an oversight last year when the bill was being considered by the veterans affairs committee and the house.

I feel that, generally speaking, the Veterans Insurance Act is a good act, and I believe that is the feeling of most veterans and members of this house. It was discussed thoroughly last year in the veterans affairs committee. But there is one section of the act which is considered by many veterans to be unfair and as incorporating a wrong principle so far as veterans insurance is concerned. I refer to section 10. When the committee met last year, Mr. T. D. Anderson, general secretary of the Canadian Legion, brought this matter to the attention of the committee. This section as it now stands reads:

> Subject to subsections two, three and four of this section, where on the death of the insured a pension becomes payable under the Pension Act or any pension law of the United Kingdom or any of His Majesty's dominions, to any person mentioned in subsections one or two of section six or in subsection one of section seven of this act, there shall be deducted from the amount of insurance the aggregate present value of the pension or pensions so payable computed on such basis as the governor in council may prescribe.

Under that section, when a person who has been insured dies and his widow or beneficiary is entitled to a pension, a deduction is made from the amount of insurance paid. It was felt by members of the committee last year, by the Canadian Legion and other veterans bodies that this was an unfair principle and that some change should be made.

It is suggested that the cost of insurance under the Veterans Insurance Act is comparable to the cost of insurance sold by private companies, and no such company makes a deduction such as is provided for here. It is felt that these deductions should not be made.

There are certain classes of persons who are not insurable under the Veterans Insurance Act. In some ways this act is more strict than contracts with private insurance companies. I think it is only fair that when an insured person dies his widow or dependent should be able to expect that the full amount of insurance will be paid.

This constitutes a great weakness in the Veterans Insurance Act. It is most unfair to make these deductions. When the Veterans Insurance Act was being amended at this session I had hoped that consideration would be given to deleting this particular section. The recommendation made by the Canadian Legion to the committee last year was not considered because it was ruled that the terms of reference were not wide enough. That recommendation was as follows:

> The Legion would accordingly recommend that section ten either be deleted or so amended as to provide that no reduction in the amount of insurance payable under the act be made because of any pension paid under the Pension Act or other legislation referred to in section ten.

As I say, that recommendation was not dealt with by the committee last year, and I had hoped that it would be dealt with this year.

Mr. Speaker: Before the minister replies, may I say that it is not in order to discuss an act generally when it is before the house for amendment. Only the principle of the amendment should be discussed. I did not interrupt the hon. member, but as there are other similar bills coming up later this day I thought I should bring the rule to the attention of the house.

If the minister speaks now, he will close the debate.

Hon. Hugues Lapointe (Minister of Veterans Affairs): Mr. Speaker, I have listened carefully to the remarks made by the hon. member for Royal (Mr. Brooks). I am aware of course that this matter has been studied previously. I believe that to get a true picture of veterans insurance one must go back to the legislation dealing with world war I veterans, the Returned Soldiers Insurance Act. It will be found that section 10 of that act has the effect of providing that if a pension under the Pension Act is awarded on the insured's death, the proceeds of the policy will not be paid as insurance but will be limited to the return of the premiums with compound interest. Of course there is the $500 exemption, of which hon. members are aware.

This section was included in the Returned Soldiers Insurance Act because of the very low medical standards required under the act, and to provide against the payment of insurance in the event of early claims together with the payment of a pension for the same beneficiary. I also understand that the original intention of that act was to provide insurance for returned soldiers who could not be insured elsewhere and whose widows might not be pensionable in the event of the death of their husbands. Under those circumstances it was reasonable to include such a safeguard.

When the Veterans Insurance Act was considered in 1944, somewhat the same principle was applied, for the same reason. The medical standards set by schedule B of the Veterans Insurance Act were such that very few applications were declined. In fact I am informed that since the enactment of the legislation not more than sixty applications have been declined. However, the amount payable under the Veterans Insurance Act is calculated in a different way. Generally speaking there is again the $500 exemption, but on the balance of the insurance the amount paid is the reduced paid-up insurance value available at the date of death. What that actually means is that the amount payable is in proportion to the part of the premium term that has elapsed. In other words, every policy that is fully paid up is paid in full; but let us take the case of a 20-payment life policy that has not been paid up in full; if the policyholder dies after twelve years, the amount payable would be approximately the $500 which is exempt, plus twelve-twentieths of the balance of the policy.

I can quite understand that this matter is of great interest to all those concerned with the welfare of veterans, and if the committee should see fit to do so I would certainly have no objection to its calling before it the actuaries of the department, who are familiar with the actual workings of this insurance scheme, in order that they may secure from them all information respecting the actual basis on which this insurance plan works.

Mr. Green: May I ask the minister a question? In the discussion on the resolution preceding the bill I raised a point about making the legislation retroactive. I believe that has been done. Would the minister state whether that is so?

Mr. Lapointe: Yes. If the hon. member will look at section 2 of the bill he will see that it reads as follows:

> This act shall be deemed to have come into force on the 30th day of June, 1951.

That is the date that had been intended.

Mr. Green: That was the date upon which the other bills came into effect?

Mr. Lapointe: That is right.

Mr. Mutch: It is right in the bill.

Motion agreed to, bill read the second time and referred to the special committee on veterans affairs.

PENSION ACT

ADJUSTMENT OF CLOTHING ALLOWANCE IN CERTAIN AMPUTATION CASES, ETC.

Hon. Hugues Lapointe (Minister of Veterans Affairs) moved the second reading of Bill No. 184, to amend the Pension Act.

Mr. Green: Will the minister make a statement, please?

Mr. Lapointe: I made a short statement when the resolution was introduced, and there is nothing I should like to add to it. I think that the matter can be fully discussed in the committee.

Mr. Howard C. Green (Vancouver-Quadra): There is one point I should like to bring to the attention of the minister. The bill is really like all Gaul; it is divided into three parts. The purpose of the first is to make more adequate provision with respect to the allowance for excessive wear and tear of a pensioner's clothing when he wears a prosthesis. The purpose of the second part is to make more adequate provision when there are two dependent parents of a deceased veteran, and the third part is to provide what are described in the explanatory note as a few administrative changes.

We heartily agree with the proposed changes to benefit those veterans who have had amputations, and also with the increase in the benefits for dependent parents. There

will of course be an opportunity in the committee to consider the adequacy or inadequacy of these increases.

The administrative changes are contained in sections 3 and 4 of the bill. The purpose of section 4 is merely to correct an error in the present Pension Act, but it seems to me that the other so-called administrative change is a pretty drastic one. I suggest to the minister that he should have his officials give it further consideration. This change takes away the right of a veteran or a veteran's dependents to sue the crown where a pension is either paid or may be paid under the Pension Act. The explanation given for taking away that right of action reads as follows:

> The purpose of this amendment is to ensure that an applicant whose claim is based on accidental injury or death due to negligence of a servant of the crown, shall not be placed in any better position than an applicant whose claim is based on disability or death due to enemy action.

On the face of it that looks like a reasonable explanation. I presume the difficulty has arisen because it has now been made so much easier to sue the crown, and also because there are many more men and women in uniform now than at any other time when Canada has been at peace. However, I would point out the comparison with a veteran who is disabled in war is hardly a fair one. I think a better comparison would be with the widow of a civilian who is killed.

Take for example an automobile accident on the Pembroke road in which a truck belonging to a crown company, Atomic Energy of Canada Limited, which, as the minister knows, operates the atomic energy plant at Chalk River, collides with an army truck and a veteran is killed. This section will deprive that veteran's family of the right to take legal action following his death, because the widow and children would be pensionable under the Pension Act. Atomic Energy of Canada Limited is practically certain to have insurance on its trucks. If it does not have such insurance I would say there is gross negligence. But whether or not it has insurance, surely the widow of that veteran should have the right to sue the crown company if she so wishes and recover damages, which might run to $25,000 or $50,000, depending upon the number and age of the children, the income of her husband, and so on.

I cannot see why that right should be taken away. I grant that if the widow does sue a crown company and gets a judgment which would amount to more than the pension commission would pay, certainly no pension should be paid by the government. There is similar protection now in the Pension Act.

I think sections 18, 18(a) and 18(b) contain the provisions applying to similar cases. But I am afraid it is going much too far simply to put a section in the Pension Act which entirely takes away the right of the veteran or his widow and children to claim damages, merely because they might have a pension or might be able to qualify for a pension. In any event I would ask the minister to have his department give this section very careful scrutiny. I can see no reason why that right should be taken away as is provided by this section.

Mr. Lapointe: I shall be very glad to look into the point—

Mr. Speaker: Order. Do I understand that the minister is closing the debate?

Mr. G. A. Cruickshank (Fraser Valley): At the request of various members of the house and of the Canadian Legion, the government agreed to set up a committee on veterans affairs. I think this discussion should take place in that committee. I do not know the rules, but if I did I would probably break them. It seems to me that having requested that a veterans affairs committee be set up, and that request having come also from the Canadian Legion and other organizations representing veterans, all this discussion should take place in that committee. Then, if you like, these matters can be further discussed here.

Mr. Green: Of course you are not the Speaker, fortunately.

Mr. Cruickshank: No, but I speak for a lot of legionnaires.

Mr. Lapointe: Mr. Speaker—

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

Hon. Hugues Lapointe (Minister of Veterans Affairs): All I wish to say is that I shall be very glad to have the point raised by the hon. member for Vancouver-Quadra (Mr. Green) looked into. I am sure the officers of my department will be only too happy to appear before the committee and give any explanation he desires. While I am on my feet may I congratulate the hon. member for Fraser Valley (Mr. Cruickshank) on the wisdom of his words.

Motion agreed to and bill read the second time.

Mr. Lapointe moved:

> That this bill be referred to the special committee on veterans affairs.

Motion agreed to.

CIVILIAN WAR PENSIONS

INCREASES IN BENEFITS TO OTHER THAN MEMBERS OF ARMED FORCES

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

That it is expedient to introduce a measure to amend the Civilian War Pensions and Allowances Act to provide increases in the scale of pensions under this act comparable to those in the basic scale of pensions under the Pension Act.

Mr. Brooks: Could we have a statement by the minister?

Mr. Lapointe: The purpose of this legislation is to amend schedules I and II of the Civilian War Pensions and Allowances Act, which apply to claims granted on account of disability or death under part VI of the act to air raid precaution workers and under part VIII to voluntary aid detachments. Although there are actually only six awards under this act, it has been considered fair that the schedules governing the amounts should be raised in order to correspond to the raises under the Pension Act granted last year, increasing the amounts paid by the same proportion.

Mr. Gillis: Might I ask the minister—

Mr. Speaker: Order. Perhaps the hon. member would reserve his question until the house is in committee on the resolution.

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

Mr. Gillis: Would the minister put on record all the classifications covered by the civilian war pensions act? It does not just cover air raid workers and so on; it covers the merchant marine, I believe, the fire fighters and auxiliary services as well. I would like a list of the classifications covered, if possible.

Mr. Lapointe: I believe it does cover all the other non-veteran organizations. I have not the act before me at the moment; I did not think this legislation was going to be introduced just now. We will have all that information in the committee. Actually, as I mentioned, there are only six awards under this legislation. I do not believe there could be any more, because I understand that there is a limitation of one year in the case of disability or death.

Mr. Green: Would the minister repeat under which part of the Civilian War Pensions and Allowances Act these pensions are payable?

Mr. Lapointe: Parts VI and VIII.

Mr. Green: It is hard to understand why the increases would be restricted to those two parts. The resolution before the committee reads:

That it is expedient to introduce a measure to amend the Civilian War Pensions and Allowances Act to provide increases in the scale of pensions under this act comparable to those in the basic scale of pensions under the Pension Act.

Anyone reading that resolution would naturally take it that all the pensions granted under the Civilian War Pensions and Allowances Act would be covered and that they would all be increased. I believe the minister has said that only six people are to benefit as a result of this bill. When we turn to the Civilian War Pensions and Allowances Act, we find that part VI refers to air raid precaution workers, and part VIII refers to what are called the voluntary aid detachments. In other words, there is no increase for Canadian merchant seamen and salt water fishermen.

Mr. Lapointe: I think I have the answer now.

Mr. Green: I point out to the committee that there are other groups under that act. It may be that they are covered in some other way, but it does not seem reasonable that they should not be treated in the same way.

Mr. Lapointe: They are not being treated differently. Schedules I and II of this act provide for pensions for disabilities and death for those two groups referred to. All other groups, with the exception of those coming under part IV, the Royal Canadian Mounted Police, are compensated at the rate appearing in schedules A and B to the Pension Act, and consequently have been affected by that change.

Mr. Pearkes: Would this apply to the present day air raid precaution service personnel who were injured in Canada during training periods?

Mr. Lapointe: Yes, I think it would deal with the case the hon. member has in mind.

Mr. Green: Would it apply to civilian defence workers who are injured from now on?

Mr. Lapointe: As I mentioned, Mr. Chairman, there is a statutory limitation on the time within which a claim can be admitted, and that would naturally apply to air raid precaution workers during the last war. I have not the act before me so I do not know whether, as it stands, it could be made to apply to the present day situation. I shall look that up, and we can get the information when the bill is before the committee.

Resolution reported, read the second time and concurred in.

Mr. Lapointe thereupon moved for leave to introduce Bill No. 191, to amend the Civilian War Pensions and Allowances Act.

Motion agreed to and bill read the first time.

WAR VETERANS ALLOWANCE ACT

REVISION AND CONSOLIDATION—INCREASE OF ALLOWANCES, ETC.

Hon. Hugues Lapointe (Minister of Veterans Affairs) moved the second reading of Bill No. 181, respecting allowances for veterans and their dependents.

He said: Mr. Speaker, as I mentioned the other day when introducing the resolution, the bill which hon. members now have in hand is a complete revision and consolidation of the existing legislation with the changes which are being brought forward by the government this year. Naturally the most important amendments are the increases in rates and the introduction of a new procedure in determining the basis on which veterans allowances will be paid.

The other day I explained briefly that it was proposed that recipients of war veterans allowance would be permitted to take what might be termed casual or seasonal employment without having the income derived from such employment taken into consideration in the computation of the amount the recipient is to receive under the War Veterans Allowance Act. In other words, the allowance will be paid on a monthly basis rather than a yearly basis.

I should like to point out, Mr. Speaker, that one section of the bill, namely section 3, sets out those who may qualify as recipients of war veterans allowances. It is mentioned that, subject to the general clauses of the act, any veteran who has attained the age of 65 may qualify. When the bill was drafted it was felt that all veterans who applied for war veterans allowance at the age of 60 would be dealt with under the new section 4 which introduces the new principle I just mentioned. I understand, however, after discussing it informally with the various groups, that this might be interpreted as raising the age at which a veteran may qualify for war veterans allowance. Since it is not intended by this legislation either to take away or to restrict any of the privileges of veterans but rather to make this legislation a more flexible instrument for the veterans welfare, I have no objection to the 65 which appears in the bill being changed to 60.

As I stated, my understanding of the operations of the act would lead me to believe that a veteran of 60 would benefit under this bill as it stands, but if there is likely to be any misinterpretation I have no objection to a change. I would ask the chairman of the committee to entertain any amendment, when the bill is before the committee, which would recommend that the words "60 years" be substituted for the words "65 years" appearing in the bill. That is all I wish to say at the moment.

Mr. A. J. Brooks (Royal): I am pleased that the minister has suggested this amendment, because I think there would be a lot of confusion in the minds of veterans and others with reference to that matter.

Mr. Lapointe: I realize that.

Mr. Brooks: As a matter of fact, I felt myself that 65 was a mistake.

As the minister said, this is a complete revision of the War Veterans Allowance Act. As far as that is concerned I think we are all in agreement with the revision and the consolidation. It is quite a difficult matter to have to go through a number of acts to find what you require. If we have all the different amendments in one consolidation, then I say it is all to the good.

As the minister has intimated, there are more changes, and I shall discuss them later. For a few minutes I should like to go over the background, Mr. Speaker, if I may, of the War Veterans Allowance Act. Now that we have a new consolidation I do not think it is out of place that I should do so.

In the last few months all hon. members have had a splendid opportunity of acquainting themselves with the background of the War Veterans Allowance Act, as it has been published in the *Legionary*, the official magazine of the Canadian Legion. In three past issues they have given us a very clear picture of the War Veterans Allowance Act, and the different steps which led up to the legislation which we have at the present time.

It is very interesting to note that it was in 1930 that the first act was passed. It is also interesting to note that the basic principles, as we understand them at that time, are practically the same as the basic principles of the War Veterans Allowance Act today; that is, that men were prematurely aged and were more or less unemployable. Medical authorities stated that a man who had served in France, with all the suffering, privation, and so on, may be said to have his life expectancy lessened by from five, six, seven to ten years. I was interested to read the basic reasons, from the medical standpoint, as given by Dr. White of the city of Saint John in 1928 when the provincial command of the Canadian Legion met in that city. I may say that Dr. White was the mayor of the city of

Saint John at the time, and also one of the leading surgeons and physicians in Canada. He also had considerable experience in the veterans hospital at Saint John. Dr. White stated at that time regarding this subject:

> The war and its effects, the stress and the strain, the privations, the wants and the diseases and all that he may have suffered while he was away have lessened his efficiency, have drained his vitality which came about in three, four, five, six, yes, perhaps, ten years, and we find that a man—a robust man—with all his ambitions before him which have been largely set aside on account of his patriotism, unable now to carry on as he would have been had he remained at home. He begins to feel the infirmity of advancing years much sooner than he otherwise would have done or much sooner than in the case of other men, and yet he has no way in which officially he may receive treatment when he presents himself at one of the hospitals in the country, nor has he any remuneration whatever or any official protection. What is going to be done with the man whose life is threatened, whose health is injured, whose efficiency as a breadwinner is impaired and yet who has not upon his discharge papers a single bit of evidence that will entitle him to treatment in the hospitals, to say nothing of pay and allowances?

As I say, that statement was made by Dr. White to the command of the Legion in Saint John at that time. The War Veterans Allowance Act has been the answer to that statement.

There are men whom I should like to mention this afternoon—I cannot mention them all—who have been greatly responsible for the present act. The first man I would mention is the hon. member for Quebec South (Mr. Power) who attended this meeting in Saint John at that time, and who on that occasion said that he agreed with Dr. White, and that his committee and he himself were trying to work out a scheme. There are other men whose names I am sure come to all veterans: Sir Arthur Currie, Brigadier Ross, General LaFlèche, General Price, Alex Walker, Brigadier Foster, the present president of the Canadian Legion. These men have all striven, and I think the act we have today is the result of the hard work of these men and many others.

I might also say, Mr. Speaker, that I know the War Veterans Allowance Act has been a godsend to many of our returned men, who would have been in a distressing position in this country today if we did not have it. Not only were these men aged prematurely, but they had another claim. Those of us who were in the first war and those who were in the second war know that the rate of pay the men received was very low. The man who spent five or six years in the army at $1.10 a day and came back found that the man who had stayed at home had received very high wages and had been able to establish himself in a far different position economically from the man who had served overseas. Therefore on two counts, both physically and economically, the man who had served overseas was in a very different position from the civilian.

The amendments in the new bill provide for certain increases. A single man has been receiving $40 a month under the present act. This is to be increased to $50. A married couple have been receiving $70. This is to be increased to $90 a month. The question which naturally arises in the mind of every veteran is: Is this enough; considering the cost of living as it is today, considering the situation as it exists today, is this increase sufficient? The Legion have made a very careful study of the war veterans allowance situation in Canada, and as a result of that study they set out in the *Legionary* of April of this year the situation regarding the recipients of war veterans allowances.

I am not going to take the time of the house this afternoon to quote the different exhibits of the Canadian Legion. The first one they have is veteran A. Here is a veteran who served in the first war, in the battle of Amiens and Cambrai. He was gassed during the battle of Canal du Nord. However, after he came back he was able to carry on until he was 64 years of age, and when he became unable to work he was receiving $160 a month. He was placed on war veterans allowance, the only income that he had. His wife was ill. His income for the month of February, as stated in the *Legionary*, was $56.46. I may say that he had received unemployment insurance, had been overpaid, and that amount paid was particularly small, owing to the fact that some unemployment insurance payments were being deducted. The monthly expenditures for this man and his wife were $95.76. This amount did not include clothing. In this case the Legion pointed out, very properly and conclusively, that the amount these people were receiving at that time was not sufficient. Even the amount of $90 a month now suggested would not have met the expenditures in this case, leaving aside those amounts spent for clothing.

Then, they referred to veteran B, a man 66 years of age who received $180 a month while employed. He became unemployable, with no means other than his war veterans allowance of $40.41 a month. Out of his total income he paid $373 for food, and $6 a week for room, amounting to $312 a year. At the end of the year this man found that, to live, he had to borrow money.

This is just one more case indicating the impossibility of those who are unemployable living on the amount of war veterans allowance formerly paid, or on the amount proposed in the new legislation.

I could go on and give other examples mentioned in the information I have before me, but I feel it is not necessary to do so. All these cases were given careful study by the Legion, and they came to the conclusion that if these people were to be permitted even to exist, a certain amount would have to be paid to them. After making careful analyses and investigations the recommendations of the Legion were as follows:

1. That the basic principles upon which war veterans allowance is allowed and paid be unchanged.

I think that principle is being retained.

2. That war veterans allowance be increased from $40 single and $70 married to $60 single and $120 married.

I would point out that these amounts were set after very careful consideration and study of the cases I have mentioned. There is no member of the house who could not multiply the cases I have mentioned, or who could not describe such cases by the hundreds all across this country. I believe all hon. members will agree that not only the Legion but the National Council of Veterans and other veterans organizations have never been exorbitant in their demands upon the government. They have always kept in mind, first, the requirements of the veterans and, second, the burden upon the taxpayers. If I might make a comparison, they have never tried to obtain large sums of money from the government or from the people as have the legionnaires in the United States. I suggest therefore that the Legion's recommendation of $60 a month for a single person and $120 for married is not unreasonable. I am surprised that at this time, when the act is being consolidated, the government is recommending the payment of $50 to a single veteran and $90 to one who is married.

To continue with the recommendations of the Legion:

3. That the total ceiling be raised to $1,200 single and $2,000 married.

What do we find in the new legislation? We see that the ceiling is to be $720 for a single man and $1,200 for one who is married, allowing a spread of only $120. Under the old act it was $125 for a single man, and $250 if married. In the present instance, however, we have a spread of only $120 in each case. I am sure this is not going to be satisfactory to the Legion, and I feel certain it will be equally unsatisfactory to the members of the veterans affairs committee. Then, to continue:

4. That Canadians who served in England only in the first war be entitled to war veterans allowance.

[Mr. Brooks.]

I do not like repetition. I mentioned this matter the other day, and it has been discussed in the house on many occasions. It has been debated in the veterans committee. I have always felt that England should be included as a theatre of war, so far as the payment of war veterans allowance is concerned, and that these men should come under the act. It is not necessary at this time to repeat the reasons. We know there was considerable hardship and suffering on the part of men in the first contingent who went overseas. I see the minister smiling, but I suggest there can be no question that there was suffering, because the men who were stationed in the south of England for purposes of training were exposed to serious hardships. They were away from their families and receiving $1.10 a day while the people at home were receiving high pay, and had the opportunity to re-establish themselves during a time of war. However, those men in England did not have that opportunity.

There are many other reasons I could give. There can be no doubt that the Legion is making a fair request when it asks that Canadians who served in England during the first war should be entitled to war veterans allowance. To continue with the recommendations:

5. That widows of imperial or allied services with twenty years residence in Canada be entitled to war veterans allowance regardless of the date of death of their husbands.

I have no doubt other hon. members will make reference to this suggestion. The argument has been before the committee on many occasions.

6. That home exemption be raised to $9,000.

I see that in the act it is raised to $6,000, and I shall reserve my comment as to whether $6,000 is a satisfactory amount. That, however, is one of the minor provisions in the bill.

I am sure the measure before us will not be considered satisfactory by the committee now set up, and that it will not be favourably received by members of the House of Commons. More particularly I am sure that it will not be satisfactory to the Canadian veterans across the country. This legislation reminds me of that which was brought before the committee in 1948. The government suggested at that time an increase of ten per cent in the pension, and it will be recalled that that percentage was scorned by members of the committee, with the result that it was increased to twenty-five per cent. I believe that when the veterans committee

now set up considers the matter it will conclude that the government has not suggested the proper amount.

Mr. G. A. Cruickshank (Fraser Valley): Mr. Speaker, I shall be brief in what I have to say, because I am supposed to be in the committee on agriculture. Then, further, I have been asked to speak on the radio—although I do not know why.

I cannot see the purpose of this discussion, unless it is simply a matter of obtaining publicity—and I like publicity myself. We have asked for a committee and have been given it. I am surprised that my good friend who is sitting practically opposite has not brought out the fact that the Canadian Legion is the main organization representing the veterans of Canada and they have not as yet presented their brief. My understanding is that they are going to present a brief to the committee, of which I happen to be a member and of which I understand the previous speaker (Mr. Brooks) is also a member, but they have not yet done so. They presented a brief last year.

I happen to have probably a more distinguished position in the Canadian Legion than some of my good friends. They do not wear this button.

An hon. Member: Oh, now!

Mr. Cruickshank: They do not wear that one. The Legion has not yet presented its brief. For the benefit of my hon. friend who just interjected may I say that I am a delegate to Montreal at my own expense on behalf of the Legion, and I doubt very much if he has even been appointed a delegate. I am going there for a week at my own expense.

Why have all this discussion? I am surprised at the hon. member for Vancouver-Quadra (Mr. Green), who has been a long-time advocate for veterans welfare in British Columbia, and a very good advocate—I give him credit—

Mr. Green: What are you surprised at?

Mr. Cruickshank: I am surprised that you have not pointed out to your colleagues that no brief has been presented by the Canadian Legion. I give my hon. friends of the opposition a lot of credit for what they have done. We insisted on it, we worked for it, and the government gave us a committee on veterans affairs this year to discuss the very matter the hon. member for Royal (Mr. Brooks) has just been discussing. Let us go before the committee.

My advice to the veterans of Canada, through you, Mr. Speaker, is that the best way we can get results in connection with war veterans allowance, as we got results last year in connection with disability pensions, is to keep pensions and veterans affairs out of party politics. The hon. member for Vancouver-Quadra knows that since he and I have been here the endeavour has been to keep this matter out of party politics. We have got results. Last year we even got more than the Legion had asked for.

Mr. Brooks: We all agree with that.

Mr. Cruickshank: Why make a political speech such as you made this afternoon?

Mr. Brooks: I rise to a point of order. The hon. member has suggested that I made a political speech because I spoke this afternoon on veterans affairs. I should like the hon. member to withdraw that remark. The house has the right and the duty to deal with any bill, whether it concerns agriculture or any other matter. Why that right should be taken away from us as the hon. member for Fraser Valley (Mr. Cruickshank) has suggested simply because it deals with veterans affairs is something I would not know. We have the right to discuss any subject in this house before it goes to a committee.

Mr. Cruickshank: I am sorry, but I have to leave. I shall be brief, as the hon. member for Temiscouata (Mr. Pouliot) wants to speak. I am not withdrawing.

Some hon. Members: Oh, oh.

Mr. Cruickshank: If I said anything unparliamentary I am ready to withdraw. I will withdraw to this extent: There is a Legion convention to be held, a veterans committee is to sit, but I understand that there is also a by-election to be held in the maritimes and I will let that speak for itself.

An hon. Member: Cheap.

Mr. Brooks: I rise again to a point of order. The hon. member has attributed to me motives which I have never considered. I never thought of the by-election or anything else. Year after year these matters have come before the committee and I have taken the same attitude. The hon. member knows that. He has accused me of talking for political reasons, and I feel that that should be withdrawn.

Mr. Cruickshank: If I have accused the hon. member of speaking from political motives—

Mr. Deputy Speaker: I listened to the remarks of the hon. member for Fraser Valley (Mr. Cruickshank) and I heard the hon. member for Royal (Mr. Brooks) ask him to withdraw what he considered to be an accusation that he had made a political speech I must ask the hon. member for Royal i

he really considers that that is offensive. That is being said almost every day in this house. Members are being accused of making political speeches all the time. It seems to me that in the House of Commons where elected members of parliament deliberate it is normal that political speeches should be made. I do not think anyone should take offence because someone says he is making a political speech.

I have looked over the rules, especially citations 294 and 295 at pages 96 and 97 of Beauchesne's second edition, and I cannot find anything there that would justify my asking the hon. member for Fraser Valley to withdraw what he has said. Citation 297 reads:

> The imputation of bad motives, or motives different from those acknowledged—

Mr. Fraser: That is the one.

Mr. Deputy Speaker: The hon. member for Royal rose in his place on a point of order. Then the hon. member for Fraser Valley resumed his seat and the hon. member for Royal clarified his position. I think the hon. member for Fraser Valley should be satisfied with the explanation given by the hon. member for Royal. I refer also to citation 294 which reads:

> If a member should say nothing disrespectful to the house or the chair, or personally opprobrious to other members, or in violation of other rules of the house he may state whatever he thinks fit in debate, however offensive it may be to the feelings, or injurious to the character, of individuals.

I think the hon. member will agree that the point is one that can be easily settled if the hon. member for Fraser Valley accepts the explanation of the hon. member for Royal, and I think he is prepared to do that.

Mr. Cruickshank: I will agree that the hon. member for Royal was not speaking for a political purpose; I will say that he was speaking as he had the right to speak, as any member with ambitions has the right to speak. It has been said of the ghost cabinet that if and when, to the misfortune of the people of Canada, a Conservative government should be in power, the hon. member would be the minister of veterans affairs. I admire him for his ambitions which will never, never be fulfilled. I do not think he can take exception to that.

Mr. Brooks: The hon. member is getting further back all the time, and he has been here nearly as long as I have.

Mr. Cruickshank: I will admit that I have not got—

Mr. Brooks: I have had no opportunity—

[Mr. Deputy Speaker.]

Mr. Cruickshank: I admit that I have not got to the front seats, but I am at least surrounded by cabinet ministers and parliamentary assistants.

Mr. Deputy Speaker: I would remind the hon. member for Fraser Valley that we are now discussing the principle of a bill.

Mr. Cruickshank: I think I was provoked. I think my hon. friend will agree that at least since 1940 we have all endeavoured to keep partisan politics out of veterans affairs. I think he will agree that while we have not got everything we asked for on behalf of the veterans, we have been fairly successful.

Mr. Brooks: We have had to fight for it, yes.

Mr. Cruickshank: I hope the great population of Canada are not having to wait too long for my radio broadcast. I admit that the hon. member has a legal and technical right to discuss these matters, but it was my understanding that they would be discussed in the committee before being brought up on the floor of the house or spread through *Hansard* to the various parts of Canada. There are many members who would like to express their opinions. I know that colleagues of mine want to express their opinions, and colleagues from my own province who are veterans have asked me to speak on their behalf. However, we thought that the time to do so was after the legislation had come back from the special committee. I think the senior opposition member from the province of British Columbia, a very gallant and valiant soldier and defender of the Legion, will agree with me.

Mr. Green: May I ask the hon. member a question? Does he not remember that in other sessions there has always been a debate on second reading before such bills go to the committee? I am sure we had a debate a year ago on the second reading of the amendments to the Pension Act. I really cannot understand why he is objecting to a debate at this stage. As a matter of fact it is the proper time, and certainly for members of the house who are not on the veterans affairs committee and want to express their views. I believe it is an opportune time also for members who may be on the committee but who have suggestions they wish to make.

Mr. Deputy Speaker: The hon. member may ask a question, but if he makes a speech he will be deprived of his right to speak later.

Mr. Cruickshank: If I remember correctly, the discussion last year was on the order of reference and the order of reference only.

Mr. Green: That was an additional discussion.

Mr. Brooks: The hon. member made the same speech he has made today.

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, at the risk of offending the hon. member for Fraser Valley (Mr. Cruickshank), I am going to say a few words on this bill. We have just given second reading to four bills concerning veterans affairs without any discussion because they involved only mechanical changes in legislation. I am a member of the veterans affairs committee and I am not going to apologize for saying a few words at this time, because I think the bill now before the house to amend the War Veterans Allowance Act is new legislation.

I also think that members of the veterans affairs committee have a right to hear the expression of opinions by other members of the house so that we may be guided as to what their opinions are when we are discussing this legislation. In the second place, irrespective of what anyone outside the house may think of legislation it is still the responsibility of members of the house to study it and form their own opinions of it.

The bill now before the house disappoints me greatly. I certainly did not expect that kind of legislation.

Mr. Brooks: Don't make a political speech.

Mr. Gillis: I am going to be as brief as I can. I was glad to hear the minister say that the change setting up two classifications of veterans is not a firm one and is subject to amendment by the committee if the committee so desires. I believe that particular change alters the principle of the act.

Mr. Lapointe: I have asked the committee to amend it.

Mr. Mutch: They will.

Mr. Gillis: I am glad that the minister has decided to do that. That still leaves the means test in the War Veterans Allowance Act, and that is a strong point of agitation on the part of the Legion branches. They feel if a war veteran can meet the requirements of the act from a medical standpoint, if he is unemployable in the area in which he resides and can qualify for the $40 or $50 a month, whichever it is going to be, that he has met the requirements of the act. They feel that to put into effect ceilings of $720 or $1,200, as they are now, is not only doing a disservice to the veterans but is causing a loss of production which otherwise would benefit the country.

How does the government benefit by making it mandatory in the legislation that if a veteran is in receipt of the maximum amount of war veterans allowance he must sit at home and do nothing because otherwise he will interfere with his allowance? As I read the legislation, the amount of permissible earnings is very low.

Mr. Lapointe: Will my hon. friend permit an interjection?

Mr. Gillis: Certainly.

Mr. Lapointe: If he will read section 4 of the bill he will find there the introduction of a new principle whereby a recipient of war veterans allowance can take employment and increase his income, and his earned income is not subject to any ceiling.

Mr. Gillis: That is exactly the point that I was leading up to, and I am very glad that the minister pointed it out.

Mr. Lapointe: It is not the point you are leading up to. You are saying the opposite.

Mr. Gillis: No, I was going to deal with that very point next. From what has appeared in the press, and from statements made by the minister in the house, most people who do not understand this legislation would assume that the war veteran can receive his $50 or $60 a month, whichever we fix, without interfering with the payment of the war veterans allowance. That is not so. Under section 4, if a veteran who is 60 years of age and is in receipt of war veterans allowance takes employment for a month—you are going to compute it on a monthly basis rather than on a yearly basis—his war veterans allowance will stop during the time he is working and earning.

Mr. Lapointe: Certainly.

Mr. Gillis: Why certainly? Does that not create an incentive for the man receiving $60 a month to stay at home? He knows that when he takes employment and notifies the Department of Veterans Affairs that he is employed his war veterans allowance will stop during the period of employment, and then he has to go through all the machinery again to be reinstated.

Mr. Lapointe: No.

Mr. Gillis: Oh, yes.

Mr. Mutch: No.

Mr. Gillis: Many of them will stay home rather than interfere with the only assured income they have.

Mr. Mutch: That was true in the past, but it is not now.

Mr. Gillis: It will be true in the future, too.

Mr. Lapointe: No.

Mr. Gillis: Instead of the administration of the legislation loosening up I find that it is tightening up more and more all the time

throughout the country. I hope the minister is right, but I visit the branches—I visited some during the Easter recess—and I have a pretty good idea what they are thinking.

Mr. Lapointe: So have I.

Mr. Gillis: As I was saying when the minister interjected, as to war veterans who are 60 years of age and who have passed the medical test and are totally unemployable in the regular labour market, if the ceiling on permissible income was removed and these men were permitted to go out and earn something during four, five or six months of the year if they could find suitable employment, I think you would find many of them taking employment if they knew that their assured income of $25, $30, $40 or $50 a month was not going to be interfered with. They would thus not only increase their own standards but would contribute to the pool of wealth of the country at the same time. I know that war veterans are much concerned about that point.

The minister has already stated that we can amend the section raising the age to 65. I would also suggest that the provision for permissible income, which has been cut down from $250 for a married man and $120 for a single man, should be restored. That is another amendment that should be made. I am never very much concerned about the amount of money. There are other things that are just as important.

I think the minister's advisers made a mistake. I am sure it was not the fault of the minister. I know he is subject to the treasury board and a whole lot of red tape, that he cannot just say, "I am going to do this." He has his own troubles, and I appreciate that. But I believe he should have included in this bill at this time a provision that would enable payment of this allowance to be made to the widows of imperial war veterans, many of whom were just on the borderline. Their husbands died without having resided in Canada for the full twenty years. They were perhaps a year short, or six months, or maybe two years. But the fact of the matter is that it is not the dead man who is looking for something; he is well taken care of. It is the widow who still has to eat and wear clothes and maintain some kind of shelter. She has met the residence requirements, and I believe the act should have been amended to enable many widows of imperial veterans, who up to now have been ruled out, to receive this allowance.

A second point of discrimination that I think the minister should have given consideration to is the matter of veterans who served in England during the first war. Previous to the second war the veterans took that situation for granted, and there was not very much agitation about it. I grant that during the second war there was bombing and all that sort of thing; but when the second world war veteran, who spent most of his time in England waiting to get into the war, was qualified for the allowance, it naturally caused resentment among the older veterans who had spent their time in England. It was not their fault. They were kept there, assigned to duty there, and they feel they should be entitled to the allowance as well. I believe wiping out those two points of discrimination and injustice, concerning the widows of imperial veterans and men who served in England during the first war, are just as important as stepping up the allowance. Hundreds of veterans and widows are suffering under that injustice.

I said I was going to be brief, Mr. Speaker, and I am. I feel very strongly about these things, but I am a member of the committee and I am going to reserve any further remarks until we call in the Canadian Legion and hear their representations. I am sure if the minister is as flexible in regard to the rest of the act as he is on the section which provides for a step-up in age, this legislation is going to come back with a lot of amendments. So I will reserve any further remarks until such time as the committee has dealt with the bill, when I hope we will bring it back pretty badly emasculated as compared to its present form.

Mr. Mutch: I hope you are wrong.

Mr. Gillis: The parliamentary assistant says he hopes I am wrong. Well, I expect his assistance—

Mr. Mutch: It is a choice of words, not a choice of motives.

Mr. Gillis: —in revising this act. I look forward with a great deal of interest to the work of this committee. While the leader of the opposition (Mr. Drew) and others say there will be no second session this year, if the government is firm about bringing back this bill in its present form I am sure we shall be wrangling over it here until Christmas.

Mr. Jean François Pouliot (Temiscouata): Mr. Speaker, this is a good piece of social legislation, for the obvious reason that only three elements are required for the grant of an allowance. If I am wrong about it, I hope the minister will correct me. The first is service. The records of all veterans are kept in the department, and it is easy for those

concerned to decide whether or not an applicant is qualified from the point of view of service. Then there are two other elements, and I am referring to the latter part of clause 3, not speaking of age. Those elements are disability and need, and there shall be no relation between the disability and the service, which makes the difference between this legislation and the Pension Act.

In virtue of this legislation, if a veteran who qualifies as such under paragraph (k) of section 2 is ill and unable to earn his living, he is entitled to the allowance by right; and the legislation does not make the grant of the allowance humiliating for him. This is the way I see this legislation, and naturally the only thing to do is express one's appreciation to the minister who sponsors the bill and to the government, for correcting certain difficult cases in order to make life happier for veterans who were unable to secure high enough pensions, and who were in hardship. I hope the members of the committee will take these remarks into consideration when the bill is before them and will hasten their report to the house, so those who will come under this bill may secure some benefit from it at the earliest possible opportunity.

Mr. Howard C. Green (Vancouver-Quadra): The hon. member for Temiscouata—I should say my good friend the member for Temiscouata (Mr. Pouliot)—has just said the War Veterans Allowance Act is social legislation. In that he is wrong, because in reality it is a partial payment for gallant services rendered. The vast majority of the recipients of war veterans allowance were front-line troops, Canada's fighting men. In their civilian life they have shown the same courage and the same sense of responsibility they showed on the battlefield; and they have great pride in their service. They do not consider that in getting the war veterans allowance they are accepting any handout. They believe they have more than earned that allowance, and they are correct.

This act was passed in the first place on the basis that because of their front-line service these men were pre-aged to the extent of ten years. That was why the qualification age was made 60 instead of the age of 70 which was set for the old age pension. These men are veterans who have been badly handicapped in civilian life because of their war service, and they have been in great need. Unfortunately when we were doing justice to the war disability pensioners of Canada last year we were unable to help the recipients of war veterans allowance. Many of us regretted that fact and, as Your Honour knows, expressed our opinions on the floor of the house on more than one occasion. However, be that as it may, we now have before us a complete revision of the War Veterans Allowance Act. Because that is the case we must be certain that the new act is expressed in terms which are fair to these veterans.

There are several provisions in the bill which bother me a great deal, and today I propose to deal with five of them. The first one is the point the minister mentioned when he opened the debate. I was very glad to hear him give an assurance that the committee would be requested to put the main age qualification back from 65 to 60. The raising of that qualification from 60 to 65 was a very unwise move, and I am surprised that the bill, as presented to this house, brought about a change of that kind. The terms of the bill as we now have it do, of course, provide an exception in the case of a veteran who is employable; the age at which he can qualify is now set at 60.

Mr. Mutch: Is the hon. member not beating a dead horse? The minister had admitted the possible implication.

Mr. Green: Perhaps I shall be able to beat the parliamentary assistant. He may be a dead horse, and I sometimes think he is.

Mr. Mutch: Oh, I shall still be here.

Mr. Green: The majority of the war veterans allowance recipients have always qualified on the basis of having reached 60 years of age. There is, of course, a provision in the act for veterans under that age to qualify, but only if they are permanently unemployable. I believe that only a very small number have come under that latter provision. This idea that the veterans have, by their service, been pre-aged to the extent of ten years is basic. It was behind the original act and the raising of that age to 65 would have wiped out any idea of pre-aging. I say that because civilians are now qualified for old age assistance at age 65. As a matter of fact, to be consistent with the provisions covering old age assistance for civilians from 65 to 69 and old age security paid civilians over 69, this War Veterans Allowance Act should have been changed to reduce the age from 60 to 55 and to make the payments automatic at 60. I am not advocating that today, but I say that to be consistent that is what should have been done rather than to shove the main qualification age up to 65.

The second point about which I am bothered is this exception which is contained

in section 4 of the bill. Let us see how it reads. The sidenote reads "employable veterans", and the headnote above section 4 reads "allowances to employable veterans." Subsection 1 of this section reads:

> Subject to this act, an allowance is payable to a veteran who resides in Canada, has attained the age of 60 years, is unable to maintain himself by following his former ordinary occupation but is capable of taking light or intermittent employment and is unemployed.

It would seem that this would put some at least of the recipients of war veterans allowance on a monthly payment basis. I would point out that this section has several effects. In the first place, it introduces entirely new phraseology which is quite different from that in the present War Veterans Allowance Act. Of course, that means there will be difficulty of interpretation. I refer for example to the words, "by following his former ordinary occupation." As hon. members know, that is something entirely new. Another new phrase is "capable of taking light or intermittent employment." I think those phrases will bring a good deal of difficulty into the administration of the act.

Further, this new provision will mean more and bigger investigations. They will have to take place more frequently because the payments will be on a monthly basis. It will mean more snooping by departmental investigators which has been one of the objectionable features of the act right through the years. It will mean also more means testing and a larger staff. Again, the provision is not applicable to widows.

I have no doubt that the intent behind this proposed change was good. I think the minister and his officials are trying to help the veteran, but I suggest that a better way to meet the situation would be to exempt earnings—and I mean earnings as distinct from other income. I would refer the minister and other members to section 6 of this bill. Under the heading of "exempt income" we find listed the various types of income which are not to be taken as income for the purposes of the act. One of those types, contained in paragraph (d), is "any casual earnings of the recipient." Now, I suggest that paragraph should be changed to read "all earnings" instead of "casual earnings". The effect would be to remove from consideration any money that the veteran was able to earn once he had qualified for war veterans allowance. That is what I should like to see, but if the minister will not go that far, he might change the words "casual earnings" to "earnings from light employment", which would give a much broader coverage.

If this suggestion is adopted then once the veteran had qualified for the allowance all his earnings would be exempt. And that would be a tremendous help to the veterans. It would be a great incentive to them to keep active, to try to carry on in some sort of occupation; it would have very little or no effect on the employment situation in Canada, and, Mr. Speaker, it would be directly in line with the principle of our old age security legislation. Those payments are made automatically, and the recipient is encouraged to go out and get some kind of job. If the civilian of 70 is to be encouraged to go out and earn what he wishes, then I submit that the veteran should be encouraged to do the same thing at 60, and that an amendment should be made to the War Veterans Allowance Act to bring about that result.

The third point in this legislation which bothers me is the amount of the increase. I believe it is insufficient. Some earlier speakers in the debate have referred to the amounts, but I should like to point out once more that the single veteran is being raised only $9.95 a month, from $40.41 to $50.

Mr. Knowles: It is $9.59.

Mr. Green: Yes; I have that in my note, but I read the wrong figure. Taken on a yearly basis, he is being raised from $485 a year to $600, which is an increase of $115. The married veteran will be raised from $70.83 a month to $90 a month, which is $19.17; on a yearly basis that means a raise from $850 to $1,080, an increase of $230.

I believe that $50 a month per person is the minimum for a mere existence in Canada today. I do not believe there is one member of this house who would contradict that statement; and yet these men will not be getting that under the amendment. Certainly a man and his wife will not be getting that. It has been recognized in at least some of the provinces that $50 a month per person is a very minimum, because in my own province of British Columbia, and in Alberta and perhaps some other provinces, old age assistance payments and old age security payments have been increased by the provincial government in question by the payment of an additional $10 a month. We should not ask the veteran to switch over to old age assistance or to old age security. We should not ask that, because he is the responsibility of the federal government of Canada and he should be paid, and paid an adequate amount, by the federal government of Canada. Yet if this bill goes through in its present form the married war veterans allowance recipient in British Columbia and in Alberta will be wiser to switch over to the civilian form of assistance.

The fourth point about which I am concerned is the amount of permissive income over the allowance. It has been reduced by this legislation to $120; whether the veteran is single or married, his permissive income over the amount of the allowance is only $120. For many years, I believe from the start of the act in 1930, although I may be wrong in that, certainly for many years, there has been set out in the War Veterans Allowance Act permissive income for the single veteran of $125 a year, and for the married veteran $250. Under the Old Age Assistance Act, passed by this house last year, there is a permissive income of $240 a year. That applies both to the single man and the man who is married; and certainly there should be just as wide a coverage for the veteran.

This question of permissive income is very important for quite a large group of veterans. Clearly those who are also in receipt of a small pension are caught when the permissive income is too low. Hon. members need only be reminded that last year, when we raised the pension, those men who were in receipt of a small pension and who also had their war veterans allowance had that allowance cut by the same amount that the pension was raised, so they derived no benefit whatever from the legislation of last year.

The final point about this bill which gives me great concern is the failure to incorporate in the act, or to place in some other statutory form, provision for what is called war veterans allowance assistance. For three years, I think, there has been an annual vote called the war veterans allowance assistance fund. From that fund payments could be made to a recipient of war veterans allowance who had no other income whatever. He could get a maximum of $10 a month if single or $15 a month if married; but that payment is subject to a second means test, and it is not made necessarily in the form of money. It may be by supplying clothing or furniture; it is just general assistance. At the time that that policy was introduced, some of us complained that it should be in the form of a statute rather than subject to an annual vote which meant that it could be changed each year. I am sure the Minister of Labour (Mr. Gregg) will remember that at that time he intimated he wanted to try out the new plan first, but agreed that before long it should be covered in some kind of statute.

Now that we are revising the War Veterans Allowance Act I believe that we should include in it provision for this war veterans allowance assistance fund. Last year the Legion asked that those recipients of war veterans allowance who were unemployable should get $60 a month single and $120 a month if married. I believe that their requests were within reason. The minister told us the other day when the resolution preceding this bill was being debated that he did not intend to make the allowance fund statutory, but rather intended to continue it as an annual vote. I hope that he will give further consideration to that question.

There are several other points which could be raised and which are equally important, such as the inadequacy of the provision for the widows of imperial veterans, and some of the procedure followed in making claims for repayment under the act. However, I shall have a chance to discuss those points in committee. I did wish to place these other points before the minister and the house before the bill is sent to committee.

In conclusion may I repeat a word or two about these veterans. They are splendid citizens; citizens to whom Canada owes a debt which can never be repaid in full, no matter what terms we write into the War Veterans Allowance Act.

Mr. Ray Thomas (Wetaskiwin): Mr. Speaker, there is no doubt that this bill as a whole is to the advantage of the veterans, and we are pleased to see it before the house. However the sore spot in the whole War Veterans Allowance Act is that the means test remains in it. It seems strange that, although the total earnings of recipients are increased, the extra earnings a veteran may get are reduced to the extent of $5 a year. If the government does not see fit to take the means test off, as most of us would like to see, then I cannot see why it did not increase the maximum earning allowance of veterans.

As it is, the veteran is put on the spot. It looks to me very much as though he is being encouraged to take the old age pension and to forget about the war veterans allowance. Outside of that, the point that I thought was so detrimental was that of raising the age limit from 60 to 65. I am glad to hear that the minister is going to consider an amendment to reduce the age to 60, because the age 65 violates the presumption upon which the age limit was established, and that is that veterans pre-aged by ten years as a result of military service. With the old age pension coming on at 70, and with the group from 65 to 69 included under an old age security scheme, it would appear that the veterans were not being pre-aged at all.

However, I am glad the minister is considering making the reduction to 60 years when the matter is discussed in committee. I am pleased to see that the allowance for a single man is increased to $50, which brings it up to the same amount as the old age pension in Alberta. However we do regret

that the married allowance is only $90, which in our province gives them $10 less than that received by the old age pensioners.

On many occasions the Legion has suggested $60 for those who are physically handicapped and cannot take any advantage of casual earnings. They should be given at least a pension equivalent to the total earning power of a veteran under the War Veterans Allowance Act. We would like to have seen a much greater increase, brought somewhere in line with the cost of living index. However, those things may come in time—at least we hope they will.

I shall have more to say on these points in committee. I believe section 4 of the bill has some merit, in that it enables the veteran to work for a short period of time without having his allowance cut. However, it looks to me as though this is a sort of top-heavy arrangement, and that it will require a good deal of administration. It may be difficult to keep up with these veterans who are working at odd times. We will need to have a good many inspectors running around to find out whether or not the men are working.

The whole thing would be much simpler if the minister would say, "We will wipe out the means test, and put the war veterans allowance recipient on an equal footing with the old age pensioner over 70 years of age."

I was glad to see an increase in the exemption on homes and premises from $4,000 to $6,000. To my mind that is still pretty low, because today a $6,000 home does not amount to much. Even a modest home is valued at much more than that.

Then, the measure does not take into consideration the widows of imperial veterans whose husbands died before they had their 20-year residence qualification. As I have said before, it seems a pity that these widows are being penalized just because their husbands died. That does not make sense.

No recognition has been given to those world war veterans who served only in England. Many of those men put up with hardships, sickness, cold and misery, and the only reason they were not sent to France was that they were needed in England. Many of them served as instructors, and the like. I know of one imperial veteran who served in England during world war I, and whose health was impaired as a result of that service. That man gets the grand pension of something like $8 a month. He is almost 70 years of age now, and for several years has been living on that $8, and a railway pension of $25. He could not qualify for a war veterans allowance, even though his health was impaired to the point where he was given a pension for it.

I do not intend to say more at the moment, but I shall have more to say in committee, and perhaps when the bill returns to the house.

Mr. F. E. Lennard (Wentworth): Mr. Speaker, I do not know what caused the hon. member for Fraser Valley (Mr. Cruickshank) to become so excited this afternoon, because, in my parliamentary experience, it has always been the custom for several members of each party to express their views on second reading of any bill concerning veterans affairs.

As a member of the committee on veterans affairs I do not propose to repeat any of the arguments expressed this afternoon. The hon. member for Royal (Mr. Brooks) expressed my views, and I have nothing further to say at this time.

Mr. G. R. Pearkes (Nanaimo): Mr. Speaker, since coming to the house I have had the opportunity of serving on various committees on veterans affairs, and naturally I have interested myself in the welfare of the returned man.

This year I am not on the committee. I should like to address a few remarks and perhaps offer a few suggestions to the committee, in the hope that they will give cognizance to what I have to say. The minister has intimated that he is prepared to entertain amendments and in fact has suggested one himself.

I should like to stress the importance of striving for simplicity when amending this War Veterans Allowance Act. We are dealing with many ageing men who do not react as quickly as younger men to complicated arrangements and administrative procedures. Anything which can be done to make this act simpler would be of great advantage in enabling these ageing veterans to understand it more easily.

That brings me to section 4 of the bill which introduces the new principle of seasonable employment. It seems to me that this is a most complicated clause; it is another "if and when" the individual will be permitted to draw an allowance. I am not clear from what has been said whether the veterans will receive the other benefits under the act, such as hospitalization, when he is actually in employment. The benefits of hospitalization are one of the outstanding reasons why many men who might otherwise go on old age pensions prefer to remain under war veterans allowances.

At the present time we have in British Columbia a form of hospital insurance which is compulsory. If a veteran is not on war

veterans allowance he must pay the provincial hospital insurance. That is why I stress this point. I want to know whether the veteran will still be protected for full hospitalization when he is in seasonable employment and will not have to pay the provincial hospital insurance during that time.

Mr. Mutch: The answer is that he will be.

Mr. Pearkes: When I refer to the need for simplicity I cannot help feeling that the same result could have been achieved if the ceiling on permissible earnings had been at least doubled. I believe that would take care of men who get seasonable employment and also the large number of marginal cases who are just able to earn enough, perhaps by some form of permanent employment for a day, a week or something of that sort, or who are drawing small incomes or pensions which now prevent them from obtaining war veterans allowances because their outside income is more than the very strict means test now applied to these allowances. I suggest that it would have been simpler to do it this way and perhaps the committee will entertain as an alternative a considerable raising of the ceiling as opposed to the introduction of this new principle.

There is one other small point I should like to deal with concerning South African veterans or veterans who have served in other countries. With regard to the South African veteran, the amendment deals with the time of the actual landing on the continent of Africa. It just so happens that a Canadian contingent had left Canada and was en route to South Africa at the time peace was signed. Should not this amendment be more in accordance with the principle now adopted in so far as Korea is concerned? Should we not apply the date when the man left Canada in order to go to South Africa rather than the date of landing? If a man volunteered to serve in South Africa and was actually on the high seas en route to that theatre of war when peace was arranged he should receive consideration. I suggest to the minister that he consider changing that wording and instead of having it the date of landing in South Africa it should be the time the individual left Canada. That would be in conformity with the practice now being followed in connection with troops serving in Korea who receive veterans preferences when they leave Canada.

I should like to repeat my plea for the men who served in Great Britain only during the first war. These men are ageing and I should like to see them included in these benefits. If that cannot be done, perhaps some special latitude could be given to the minister to deal with individual cases where great hardship is evident. I happen to know of one case where the minister was able to obtain special permission for the hospitalization of an old veteran. I do not know of anything in the act that gives the minister the ministerial prerogative, shall we say, to act in exceptional cases. I commend the minister for having found a way to deal with this one case, but similar cases are bound to arise and perhaps more flexibility should be introduced into the act to permit these old veterans being looked after.

Mr. J. W. Noseworthy (York South): Mr. Speaker, I am not a member of the committee but I have carried on a considerable correspondence with the department on behalf of veterans in my riding and have received a number of submissions from Legion branches in my riding. Therefore I feel I am justified in making the few comments I want to make regarding this bill. I regret that the government did not see fit to bring in this amendment to the War Veterans Allowance Act last fall. While the increases are to be retroactive the fact is that by delaying this amendment for five months or since the pensions were increased a considerable amount of unnecessary suffering has been caused to many thousands of veterans.

I suppose one of the reasons for the necessity for this legislation arose out of the fact that a great many veterans could not receive pensions who were in reality entitled to them, and they were covered by this legislation. Veterans have pointed out to me that if section 63 of the Pension Act, under which a veteran is supposed to be entitled to the benefit of the doubt, were operative, many veterans who now have to receive the veterans allowance would be in receipt of basic pensions. Over the years I have had occasion to take up scores of cases with the department, and I cannot recall a single instance where the veteran was given even the shadow of the benefit of the doubt. In every single case I have taken up with the department, unless the veteran could establish the fact that his present incapacity arose out of or was caused by his service, or unless some medical officer could certify to that effect, there was never the slightest benefit of the doubt given to the veteran.

One of the things that veterans in my riding have been protesting is that while this act is being amended the Pension Act is not being amended at the same time so that the veteran may be given the right which he is supposed to have under section 63 of that act.

Mr. Lapointe: On a point of order, I do not want to interrupt the hon. member but I suggest that for the last five minutes he has been airing his views about the Pension Act and its administration while we are concerned with discussing the War Veterans Allowance Act.

Mr. Speaker: Probably the hon. member will now discuss the War Veterans Allowance Act.

Mr. Noseworthy: Apparently I am getting into trouble with the chair quite frequently. I think it would be well to review the situation of the veterans from the point of view of the promises that were made to them, particularly during world war I. Reprinted in the April issue of the *Legionary* is the promise—

Mr. Lapointe: I hope you will not blame me for that.

Mr. Noseworthy: —made by Sir Robert Borden at Vimy Ridge in 1917. The minister knows these words by heart but it will not hurt—

Mr. Lapointe: I have read the same magazine you have.

Mr. Noseworthy: —to remind him and his officials who administer veterans legislation of the promise Sir Robert Borden made to the men of the services at that time. He said:

> I give you this assurance; that you need have no fear that the government and the country will fail to show just appreciation of your service to the country and empire in what you are about to do and what you have already done . . .

This is the point that is interesting.

> The government and the country will consider it their first duty to see that a proper appreciation of your effort and of your courage is brought to the notice of the people at home, and it will always be our endeavour to so guide the attitude of public opinion that the country will support the government to prove to the returned man its just and due appreciation of the inestimable value of the services rendered to the country and empire.

The thought expressed there by Sir Robert Borden is that of the government attempting to guide the country, to guide public opinion, the government trying to induce public opinion to support the government in its generosity toward the veteran. Look at that promise in the light of the history of what has happened since 1917. When have we ever found the government trying to convince the public to support them in their efforts on behalf of the veteran?

Mr. Knowles: It has been the other way around.

Mr. Noseworthy: Year after year it has been the other way around. Representatives of veterans organizations have had to fight just as persistently and with just as much determination to get what they considered a fair deal from the governments of the two parties that have been in power as they had to fight the enemy to win the war in the first place. That has been the history of the veteran's fight with governments through the years since 1917. Instead of the government being out in front trying to induce the public to agree with them that the veteran needed these various benefits, it has been the veterans organizations, the parliamentary committees, members of the House of Commons almost unanimously year after year and people throughout the country pushing the government in order to induce them to deal fairly with the veteran.

From day to day we find in the press considerable criticism of some of the social services that the government is rendering. Certain sections of the press are very critical, but I have yet to see any section of the press throughout Canada that has been critical of the government because the government was too generous with the veterans of world war I and world war II. The country has been pushing the government and not the government trying to induce the country to be more generous to the veteran. The current issue of the *Legionary* has an editorial on the War Veterans Allowance Act to which it gives the title, "The Long, Long Trail". I think it might be well to look for a few moments at the length of that trail and the nature of the struggle that veterans have had along the trail. It was not until September, 1930, eleven years after world war I, that the War Veterans Allowance Act first became operative. At that time single veterans received $20 a month and were allowed to earn an extra $10, as much as they are allowed now under the new act. Married veterans were paid $40 a month and were permitted to earn an extra $20, twice as much as they are allowed to earn in addition to their allowance under the present act.

The next amendment was made six years later in 1936. That year the age of eligibility was reduced from 60 to 55 years. Two years later economic handicap and not age was made one of the conditions of eligibility; still no improvement in the allowance. In 1941 by order in council special provision was made for an extra $5 per month for single men and $10 for married men by way of a supplementary grant; still no change in the basic rates. In 1943 widows' allowances were provided; a long time after 1919. In 1944 free treatment and domiciliary care were provided. In that year world war II veterans and northwest rebellion veterans were included.

Then we come to 1946, when the basic rate was increased from $20 to $30 for single men

and from $40 to $60 for married men, and the allowance on behalf of children was continued until the age of 21 provided they were still at school. The ceiling on earnings then was $125 for single men and $250 for married men, a little more than twice what is allowed under the present act. In 1948, in line with the cost of living, the rates were stepped up again to $40.41 and $70.83 per month. Then in 1949 a sort of second means test was applied, making available $10 a month for single men and $15 for married veterans from the war veterans allowance fund. Then, after a fight lasting twenty years from the time the act was first introduced, imperial and allied veterans were brought under it. Now we have this amendment under which single veterans are to receive $50 and married veterans $90, with a ceiling of $120 a year on additional earnings whether married or single.

I think these rates should be taken into consideration along with the latest request of the veterans organizations, when they appeared before the cabinet last November. At that time they asked for $50 for single men and $100 for married men, and they wanted outside income permitted up to $250 for single men and $500 for married men. They also asked that those totally unemployable should receive allowances at the rate of $60 and $120 for single and married men respectively.

I submit that those requests are very modest. Certainly they are not out of line with the promise that has been made during the war years to those who served. I think a country that can raise over $2 billion for defence should be able in some way or other to raise the ante for single and married veterans to $60 and $120 per month respectively. I do not believe that would endanger the economic position of the country. I believe it would be a token to the veterans, especially those of world war I, that at last the country is recognizing and attempting to implement the promises that were made over thirty years ago.

There are a number of items pertaining to this bill that have been referred to and about which veterans have written to me. These have been mentioned already. Certainly veterans are going to find it very difficult to understand why the ceiling on additional earned income should be limited to $10 a month. I can see no good purpose to be served by that limitation except perhaps to save the government a few paltry dollars. I suppose it will amount to this, that any veteran who can struggle to work by any means will continue to work as long as he can stand up, rather than have to live on the meagre allowance provided by this act. And as long as he can do that the government will be relieved of the responsibility of paying him that allowance. That is the only purpose I can see to be served by limiting additional earnings to $10 a month.

Then I notice that the act distinguishes between intermittent and casual earnings. When the minister closes this debate I hope he will point out just what distinction the department draws. I have been asked that question, and I have not been able to give an answer. I suppose that intermittent earnings are those of a man who is able to hold a job intermittently; who is not able to hold a steady job but is able to take intermittent employment. He would be entitled to come under the act. If a man takes casual employment, however, his casual earnings are not considered as income for purposes of the act. If the minister will clear that up it will be appreciated, because veterans are under the impression that if they earn over $10, whether it is casual or intermittent or anything else, and the department finds out about it, that amount will be deducted from their allowance.

There is one other question I want to mention to which I think the government should give consideration in paying the veterans allowance. That is the plight of veterans today in the matter of housing. The hon. member for Royal (Mr. Brooks) put on record the economic position of a number of veterans as reported in the *Legionary*, listing them as veteran A, veteran B and so on. I am going to add a little more from that same article:

> Veteran A now lives in two makeshift basement rooms seven feet below ground level. They were formerly a basement storage, actually just one room, and the small curtained-off portion now used as a bedroom was a coal bin before they moved in.

That was veteran A. Veteran B:

> A small $6 a week room is his home.

Veteran C, a widow, has given up her apartment since her veteran husband died, sold her furniture and gone to live with her niece.

Veteran D, another widow.

> She is living in two damp basement rooms and during the winter stays in bed most of the forenoon, partly because of her health and partly to keep warm as she cannot afford an adequate supply of fuel.

That is the treatment which today is being meted out to the men who served in world war I, and to the widows of those men. The prime minister of this country at that time assured these men that the government would take the lead in trying to induce the Canadian people to agree to giving them that to which they were entitled. Does it not seem evident that today the people of

Canada have reason to be ashamed of the treatment that we as a country are meting out to those who served in world war I, and who now can scarcely find enough on which to live?

I think, Mr. Speaker, that when the committee is reviewing this act they may well do so in the light of the promises which were made to these veterans, and they may well consider giving to these men an allowance of at least $60 single and $120 married, with the ceiling on earnings either removed or raised to what the veterans themselves requested, $250 single and $500 married.

Mr. Stanley Knowles (Winnipeg North Centre): I feel that this is an occasion, Mr. Speaker, when the members of this house, particularly those who are not members of the special committee on veterans affairs, should express to that committee their views concerning this bill. I suggest that the Canadian Legion and the other veterans organizations that will appear before the committee should know when they appear what the views of members are. I feel that it is our duty to speak at this time, and I only wish that more members on the government side would speak, so that we can back up the Legion in what some of us believe will be the requests that they will make to that committee.

I think the first criticism that all of us feel about the bill which has been presented is the inadequacy of the amounts provided. As members have put on the record repeatedly today, the bill raises the amount provided for single veterans under the War Veterans Allowance Act from $40.41 to the sum of $50 per month. It raises the allowance provided a married veteran from $70.83 to $90.

Mr. Speaker, on the desks of a good many members in the house this afternoon there is a copy of the afternoon edition of the Ottawa *Journal*. The main heading reads:

Abbott predicts 10 years of good times

To me it is incongruous, whether or not that prophecy is correct, that on a day when we are told that we are in for ten years of good times we should be asked to accept a bill which provides to our burnt-out pensioners only $50 a month in the case of a single veteran and only $90 a month in the case of a married veteran. When we were at the resolution stage preceding this bill I expressed the view that if the government did not measure up to the requests of the Canadian Legion, the members of the house and of the committee would have to do their best to try to persuade the committee to measure up to those requests. Many of us were deeply disappointed when we received the bill after first reading and learned of the amounts upon which the government had decided. As I say, there is no doubt in my mind, particularly in view of the amounts the Canadian Legion has requested, that this phase of the matter will be discussed at considerable length and in considerable detail by the special committee on veterans affairs.

I want the Canadian Legion and others who are appearing before that committee to know that, in their request for a larger amount, they have the support of a great many members of this house. They have the support of their veteran colleagues, and they have the support of those of us who are not veterans and can perhaps speak in a special way for the general population of the country. I urge most strongly, Mr. Speaker, that when this bill is before the committee the government pay attention to the request that will be made at that time, and pay attention to the request of members of parliament generally that the amounts be set higher. I want to say again that I wish a few more members on the government side would speak in this debate, even if only briefly, and express their views with regard to these amounts. If they are satisfied with them, let them stand up and say so. But if they are not, as I am sure—at least as I hope—is the case with a good many members on the government side, I think they should join with us in saying that these amounts of $50 and $90 are inadequate, and that the request of the Canadian Legion for not less than $60 single and $120 married should be granted.

I see that it is six o'clock, Mr. Speaker.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

PRIVATE BILLS

BOUNDARY PIPELINE CORPORATION

The house resumed, from Friday, May 2, consideration in committee of Bill No. 62, to incorporate Boundary Pipeline Corporation—Mr. Larson—Mr. Beaudoin in the chair.

Mr. Herridge: Mr. Chairman, when speaking on this bill to incorporate the Boundary Pipeline Corporation last Friday evening for a few minutes I took the opportunity briefly to point out that we in this group are in particular opposed to the granting of charters to companies for the building of pipe lines under private ownership. My time was so short that I had only the opportunity more or less to commence my introduction; therefore I am going to

take the opportunity to elaborate somewhat further on our point of view in this group with respect to the public ownership of pipe lines, and to deal with a few other aspects of this bill which is so important to Canadians generally, and which unfortunately many people in Canada are not greatly concerned about.

We in this group, Mr. Chairman, believe that it would be to the advantage of the Canadian people if pipe lines were nationally or socially owned as common carriers. We believe that national planning on that scale would prevent, as I said the other evening, the duplication of charters for the building of pipe lines across Canada. During the last three or four years we have seen the competition between various companies endeavouring to secure a charter giving them the right to build a pipe line over a designated route. No doubt if three or four charters are granted covering a similar route, then it simply means that some of these companies have a charter which they could sell to the highest bidder without building a route at all. Therefore we believe in public ownership, particularly with respect to national transportation, because a pipe line as a common carrier would be part of our national transportation system. If it were publicly owned it would give an easy opportunity for planning, and an opportunity to prevent duplication as a result of the competition between various companies in the building of these pipe lines.

My second point is that because competition would be eliminated between these various companies and we would not have two pipe lines built where one would suffice, there would necessarily by good management be a lowering of the costs to the consumer. The experience of Canadians with respect to railway freight charges and railway transportation charges would be different today if it had been possible when the railways were built in Canada to have a nationally-owned railroad system and to have avoided some of the expensive duplication that exists today such as the parallel railroads from Kamloops to Vancouver on both sides of the Fraser river and so on. We would have more than lower costs to the consumers. Instead of the profits going to private interests, and in the majority of cases in connection with these pipe lines to non-Canadian interests, these profits would be retained in Canada and would be added to the total revenue of this government for the advancement of social services and things of that kind, which would make it easier for the government to add $10, $15, or $20 to the war veterans allowance that was advocated in the debate this afternoon.

Boundary Pipeline Corporation

Many of us think that the Canadian National Railways is losing a great opportunity by overlooking the possibilities for the national ownership of pipe lines as public carriers in Canada. They have the rights-of-way; they have the grades; they have the bridges built; they have all the facilities to unite a public pipe lines transportation system with their railroad system. It is amazing even today, with regard to the publicity given to the great development of oil and gas in Alberta and to the numerous debates in this house which members on the government side listen to with great interest and enjoyment throughout the years, to find that there is still a great laxity and a great lack of interest and appreciation of what this oil and gas business means to Canada at this time and in the days to come.

To support that argument, Mr. Chairman, I want briefly to quote from the Ottawa *Citizen* of March 10, 1951, which contained an article entitled: "Gas for Canadian cities"; and also the subtitle: "Lack of interest in pipe lines may result in Americans getting Alberta's fuel." The article reads:

> The idea of building a pipe line from Alberta to Winnipeg is too much for the average Winnipegger's imagination, this despite the fact that an oil pipe line now connects the Manitoba and Alberta capitals. Yet even a gas line from Edmonton to Montreal would be a routine construction job compared with some of the lines that have been built elsewhere in the world.

Mr. Chairman, members in the committee on railways, canals and telegraph lines, when we were dealing with this bill, and when the companies' agents were producing their witnesses, emphasized the difficulties of building a trans-Canada pipe line to Montreal. Further on, this article has this to say:

> By contrast, the cities of the northern United States are exceedingly aware of the possibilities for growth that would follow the tapping of Alberta's gas resources. The promoters seeking to serve them have shown ten times the activity of those who want to serve Winnipeg. Finally, to complete this catalogue of contradictions, there is no financial problem involved. Money for a gas pipe line, any pipe line headed in any direction, is available in plenty and in fact clamouring for a chance to be spent. If there is one thing that there is plenty of today, it is money for investment in pipe lines. That, more than any other factor, makes this sleepy-headed attitude of Canadian cities utterly baffling.

There is a lot of truth and common sense in that article. While we have American interests competing with one another to build these pipe lines in Canada there is a lack of interest on the part of Canadians themselves to build them. The capital is in Canada, and the government has credit resources with which to build these lines. I am of the opinion that in the days to come

if we do not change the direction of our policy in this connection we will have cause to regret it.

It is mentioned here that money is available for investment in any quantity. Why? Because in the carrying of gas and oil there is, if one may judge from United States history, an increasing profit. That is why in this group we are continually reiterating our belief that these pipe lines should be nationally owned, that they should be part of the Canadian National Railways system, and that these commodities could be provided at a lower cost, leaving the profit for the Canadian people.

Last year there came before the house and the committee a bill making provision for the building of a pipe line from western to eastern Canada. The pipe line, to operate as far east as Montreal, was to be operated by Trans-Canada Pipe Lines Limited. That bill received considerable discussion in the house and in committee. I should like to remind the house that, as a result of the efforts of half a dozen members in the committee who had tried to make certain again and again that the pipe line bills would be amended so that the main pipe line would be in Canada, an amendment was moved. The amendment was to make certain that Canadian requirements were served first before Canadian gas and Canadian oil was exported to other countries.

In this application to build the Trans-Canada pipe lines it was proposed to build a gas pipe line from Alberta to Montreal, following an all-Canadian route, paralleling the main line of the Canadian Pacific Railway and the Canadian National Railways. The pipe line would be approximately 2,200 miles long, and would gather in lateral lines of about 900 miles. The main transmission line from Alberta to Toronto would consist of 30-inch pipe and from Toronto to Montreal of 24-inch pipe.

That charter has now been granted and because we believe that Canadian requirements must be served first some of us in the committee, and some in the house, are concerned about the granting of a charter to the company now applying, in case it may jeopardize the building of the pipe line under the charter now granted.

In that respect, and in connection with the bill known as the Trans-Canada Pipe Lines bill, I want to quote from a paper presented at the annual meeting of the Engineering Institute of Canada at Montreal on May 9, 1951, by Dr. G. S. Hume. This paper is entitled "Utilization of Natural Gas in Canada". I should like to quote from it some references he makes to the granting of a charter to the Trans-Canada Pipe Lines Company Limited. Dr. Hume has this to say in that connection:

> Finally, the last export permit for gas from Alberta is being requested by a group of Texas operators representing Delhi Oil Corporation of United States and Canadian Delhi Oil Limited for a project, Trans-Canada Pipe Lines, to bring gas from Alberta, starting in the Princess area, eastward to Winnipeg, and thence across the Precambrian shield via Fort William and Port Arthur, via Sudbury to Toronto, and thence to Montreal, with a branch line to Ottawa.

When we know about the intentions of this company, and what the building of a pipe line would mean, from Alberta to Montreal, some of us are rather surprised that more Ontario and Quebec members have not shown some concern in making certain that Canadian gas goes first to Ontario and Quebec rather than first to the United States. Dr. Hume goes on to say:

> Various routes across the Precambrian shield from Fort William to the vicinity of Sudbury are being investigated. This pipe line as proposed would be 30-inch diameter capable, with the requisite number of compression stations, of carrying initially 365 million cubic feet a day increasing to a maximum of about 500 million cubic feet a day. The cost is estimated at about $250 million.

Then farther on Dr. Hume says, in connection with the pipe line:

> There are certain features for a pipe line project of this kind which appear to be essential if the pipe line is to operate with the greatest efficiency and hence provide as reasonably priced gas to the consumer as can be obtained. One such is underground storage as in depleted or partially depleted gas fields of Ontario during the off-peak summer months so that the load factor of the pipe line could be kept up as nearly as possible to the maximum. A low load factor on such a pipe line would make it uneconomic. Thus underground storage facilities for gas is a prime consideration from the price standpoint even if the pipe line could operate economically without such storage. In addition to providing a means of taking care of off-peak loads, storage also gives a considerable measure of insurance in the consuming area against interruptions in service due to breaks of the transmission line. Long pipe lines are operated, of course, without underground storage facilities. There are various ways of taking care, at least in part, of the variable load.

Then, after dealing with that technical problem, he goes on to say:

> These are what are known as industrial interruptible sales. This is a partial compensation for more nearly uniform sales throughout the year. There is no doubt all these features will be fully dealt with by competent engineers before the proper authorities when and if consideration of the pipe line project reaches the final stages. No specific data have yet been made available, but it is known that studies are now under way.

That company has already received a charter from parliament. It has been before the board of transport commissioners, and at this stage had spent a considerable amount of money—and this paper was written about a year ago. We are wondering if we would

jeopardize the building of that pipe line to Montreal if we were to grant the charter sought in the bill before us. This bill would make provision for a smaller pipe line to Winnipeg, and we are of the opinion that if the charter were granted for the smaller pipe line it would become economically unfeasible to build the pipe line from Alberta to Montreal.

That is our major argument. We are concerned about the granting of this charter, unless we can be assured that gas will flow to Ontario and Quebec as a result of a firm and sound exchange arrangement between Canadian and United States producers.

Further to illustrate the great value of this natural resource, and the great competition there is in the United States for charters, as well as the influence brought to bear, I should like to read briefly from an article in the Ottawa *Citizen* of May 5, 1951, headed "U. S. Pressure in Gas Deal". The article reads:

> Export of Alberta gas to Montana demonstrates how demand for Canada's natural resources mixes in U.S. politics.
>
> But using political influence for corporate gain is part of the warp of American democracy. It is done as a matter of course. Persons or groups who find themselves facing obstacles that they cannot surmount, instinctively turn to the government for help. There is a revealing paragraph in the first letter from Mr. C. E. Wilson, president of the office of war mobilization, to Rt. Hon. C. D. Howe. It reads:
>
> "During the past several months, I have had several letters from interested American groups, urging that I ask your intervention and assistance in persuading—'(Alberta)'—to give assent and encouragement to the construction of a pipe line for the sale and delivery of gas to the American northwest."
>
> Mr. Wilson went on to explain that he had refused to intercede for these groups.

I might interject here to say that I think Alberta is following a very sensible policy by moving slowly in connection with these growing demands for the export of Alberta natural gas. I think that is a sound policy when—

Mr. Blackmore: They are always sound.

Mr. Herridge: —they are not sure of their reserves. The article goes on:

> The Canadian dilemma at the moment is that, through the exercise of influence at Washington, plus a desire to co-operate to the hilt with the United States in re-arming, we may be pressured out of some of our resources which from a long-term Canadian view it would be better to keep.
>
> Title to most of our oil and gas resources in Alberta have already passed into American ownership. American owners naturally think in terms of their operations as a whole. They do not separate in their minds their foreign assets unless they are forced to do so. When they discover that they can achieve their ends in Canada by nudging Washington, they'll nudge Washington.

Then the article concludes:

> Alberta with its oil and gas, Quebec with its iron ore, are roughly in the same position today that Venezuela was in two or three decades ago. We welcome foreign capital with open arms. We offer them our resources on terms so generous they rub their eyes in wonder. And because we speak the same language they are not conscious of being in a foreign country. It is like being at home where, if they can't get what they want from a state government they hop a plane for Washington.

I read these quotations to indicate that Canadian writers and people interested in the gas and oil industry in Canada are concerned about the lack of interest across Canada in the development of this great natural resource. We in this group urge public ownership of pipe lines. If that is not possible at the present time, then our second policy is to press, in co-operation with other members of this house and other parties, for the provision of Canadian natural resources to Canadians first before they are exported from this country. We believe that we should use this fuel, this power and this heat in Canada to our own advantage before exporting it because it will mean taxes paid to the national, provincial and municipal governments; it will mean the employment of labour and the development of our own industries. The Ottawa Morning *Citizen* of February 4, 1951, contained a very interesting article entitled "Exporting Natural Resources" by James H. Gray. He has this to say in conclusion:

> If the gas, or the iron ore, or the pulpwood, were processed completely in Canada, a dozen tax sources would be created. The production companies would be taxed on income, the workers employed would be taxed on income. The same would be true of the processing companies and the people with the end product.
>
> Curiously enough, one of Anaconda's main competitors in the copper business in Canada is Consolidated Mining and Smelting. Anaconda is protected by three cents per pound tariff against Canadian copper. Without Canadian gas it would have had to use 1,600,000 barrels of oil, or 500,000 tons of coal annually, at two or three times the price. That would have given a competitive advantage to a Canadian company, if it could have used the gas instead of coal.

I have quoted these articles from various newspapers and other sources to try to prove my argument that we in this country should be careful in granting these charters for gas pipe lines when we are not sure of our own requirements or our developments in the future. During the past ten years industrial development in Canada exceeded the expectations of everyone prior to that time. We do not know what the future will bring and a few years may find us in the position where we find it necessary to use our own total gas resources.

I should like to deal briefly with two aspects of the bill as discussed in the committee. I have found from my experience

in the committee, as I said before, that a number of members have made every effort to be certain that Canadians shall have the first opportunity to use their own gas and oil. When this bill was before the committee I must say that the company had a most excellent witness in Mr. Herring. I do not think any member of the committee doubted that he was an expert in his field and I am sure that all would say that he was one of the most competent and clear-cut witnesses that have appeared before the committee in connection with any of these applications for charters.

He was asked a series of questions over a period of three meetings of the committee and I know that other members as well as myself were impressed with his frankness and clear explanations of the technical aspects of the production and marketing of gas. I want to repeat what I said the other evening that we were most fortunate in having the hon. member for Calgary West as a member of the committee because without doubt he has a thorough knowledge of the production and marketing of oil and gas.

The witness gave an excellent description of the economic aspects of the project. He described the purposes of the company and its future intentions. He said that the purpose was to proceed to Winnipeg first, but many of us in the committee noted a change of emphasis after two days of cross-examination. There was considerable emphasis on Winnipeg being the first objective of the company with the possibility of building the line to the United States border if supplies were sufficient.

Later on in the committee proceedings the witness rather played down the possibilities of the company exporting gas to the United States. I think other members of the committee will agree with me in that. He saw that there was consistent opposition to this matter of exporting gas to the United States to the detriment of Ontario and Quebec. I should like to quote from page 97 of the report of the committee in that connection, when I was cross-examining the witness as follows:

> Mr. Chairman, I would like to ask the witness a question. I would like to be able to understand the situation. Throughout his evidence it seemed to me that the witness emphasized that the real purpose of building this pipe line—I think that during the whole of the time on the first day this witness was giving his evidence he emphasized the possibility of continuing this pipe line into the states, to cities like Minneapolis and other centres, and the possibilities that that offered for the exchange of gas between Canada and the United States so that Ontario could get it. Now, just a few minutes ago in answer to a question the witness stated definitely that the success of this venture rests upon moving gas to the Winnipeg market. I would like him to explain to me the reason for the change there.

Mr. Herring then replied as follows:

> I see your point. Our recommendation to our people is that we feel that if 75 million cubic feet of gas can be obtained from Alberta that would be adequate. We have recommended an economic pipe line to Winnipeg for that gas. I did not emphasize any other point except that. I have always stated that at such time as additional reserves were available in Alberta that we would recommend to them at that time the most economic application of such reserves to their system, within limitation. If that gas, as it increases in Alberta, becomes available in sufficient volume—and we spoke of the northern natural market over in Minnesota, and that is what we recommend when we come to that point because at the present time we cannot see the economics of going into Ontario and Quebec across Canada.

That is just the point so far as certain members of this committee are concerned. We are hesitant about giving our support to this bill because we believe that the ultimate objective of the company is the piping of much larger quantities of gas to the northern part of the United States than would be used between Winnipeg and the source of the gas. We are hesitant about supporting the granting of the application of this company until we are assured that the interests of Ontario and Quebec are protected so far as the receiving of natural gas is concerned prior to its export to the United States.

Mr. McIvor: As a member of this committee I voted for the bill after moving an amendment. There is no more honest or efficient committee than the standing committee on railways, canals and telegraph lines, and I think this measure was pretty well handled by it. However, I think all hon. members will admit that those who are putting up the money have a good deal of the say as to where the line will go. When a bill of this kind is being discussed there are people who have an axe to grind, and I admit that I am one of them. I have an axe to grind. I object vigorously to any measure providing for a pipe line that will come to Winnipeg but will not come to Fort William and Port Arthur. I supported this bill—

Mr. Hodgson: It stops at Winnipeg.

Mr. McIvor: —because the amendment I moved was carried. The purpose of my amendment was to eliminate the words "outside Canada" so that it would be an all-Canadian route. That may not go far enough but it was as far as we could go at the present time. There are those who think that Fort William and Port Arthur are merely two little spots amidst a lot of bush, rock and great lakes. Fort William and Port Arthur are among the most progressive cities in Canada, and they will need a lot of gas and oil. On

the way to Fort William on the C.P.R. there are towns that will need gas and oil such as Kenora—the hon. member for Kenora-Rainy River will support me—Keewatin and Sioux Lookout. At the lakehead there are towns like Nipigon and Schreiber and new places that have sprung up with quite large populations such as Terrace and Marathon. They will need oil. Then there are the mining towns of Geraldton, Beardmore and Longlac. There would be a good deal of encouragement for the building of such a pipe line to the lakehead. I represent those at the lakehead who say that while it would cost a lot to build a pipe line to the lakehead it is only fair that that region should have some consideration when our own natural resources are being sold. I also admit that the dominion government is not investing one dollar in it and is taking no risk. The people who supply the gas and who put up the money are taking all the risk. I am going to support the bill.

Mr. Larson: I move that the committee do now rise and report progress.

The Chairman: Is it the pleasure of the committee to adopt the motion?

Mr. Blackmore: No.

The Chairman: Those in favour of the motion will please say "yea".

Some hon. Members: Yea.

The Chairman: Those who are opposed to the motion will please say "nay".

Some hon. Members: Nay.

The Chairman: In my opinion the yeas have it.

Mr. Blackmore: We could not hear what you said.

The Chairman: In my opinion the yeas have it.

Mr. Blackmore: We could not hear what you said about the motion.

The Chairman: The motion of Mr. Larson was that the committee rise and report progress. I asked if it was the pleasure of the committee to adopt the motion. Some hon. members said "no". Therefore I asked those in favour to please say "yea" and those opposed to please say "nay". Then I said that in my opinion the yeas have it.

Mr. Low: Let us have a standing vote.

Motion (Mr. Larson) agreed to: Yeas, 53; nays, 6.

The Chairman: I declare the motion carried.

Progress reported.

55704—122½

Private Bills

ROYAL CANADIAN ACADEMY OF ARTS

Mr. A. J. P. Cameron (High Park) moved that the house go into committee on Bill No. 143, respecting the Royal Canadian Academy of Arts.

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

Sections 1 to 9 inclusive agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

CONSIDERED IN COMMITTEE—THIRD READINGS

The house in committee on Bills Nos. 10 to 60, 65 to 90, 95 to 142, 145 to 158, 160 to 171, and 173 to 178, inclusive, Mr. Beaudoin in the chair.

Bill No. 11, for the relief of Dorothy Minnie Hogbin Neale.—Mr. Winkler.

Bill No. 12, for the relief of Dorothy Ailsie Jean Coghlin Hands.—Mr. Winkler.

Bill No. 13, for the relief of John Hellmann.—Mr. Winkler.

Bill No. 14, for the relief of Myrtle Jesse Marie Gangin dit Gilmore Cooney—Mr. Winkler.

Bill No. 16, for the relief of Catherine Vaughan Troy Campbell.—Mr. Winkler.

Bill No. 17, for the relief of Mary Margaret Graham.—Mr. Winkler.

Bill No. 18, for the relief of Bernice Pomp Gates, otherwise known as Bernice Frank Gates.—Mr. Winkler.

Bill No. 24, for the relief of Elsie Alexandria Thompson Parr.—Mr. Winkler.

Bill No. 26, for the relief of Cosmo Iellamo. —Mr. Winkler.

Bill No. 27, for the relief of Joan Mary Hoerner Rawley.—Mr. Winkler.

Bill No. 28, for the relief of Jennie Harris Klaiman.—Mr. Winkler.

Bill No. 30, for the relief of Cecile Emilie Viger Ross.—Mr. Winkler.

Bill No. 33, for the relief of Kathleen Marjorie Hastings Hawkins.—Mr. Winkler.

Bill No. 35, for the relief of Doris Abbott Watts.—Mr. Winkler.

Bill No. 36, for the relief of Hyman Krull. —Mr. Winkler.

Bill No. 39, for the relief of Grace Catherine Piche Lovegrove.—Mr. Winkler.

Bill No. 40, for the relief of Bruce Edward Steggles.—Mr. Winkler.

Bill No. 41, for the relief of Alexander Malcolm Dick.—Mr. Winkler.

Bill No. 45, for the relief of Rose Dorothy Weatherbee Stopps.—Mr. Winkler.

Private Bills—Divorce

Bill No. 47, for the relief of Misha Paunovic.—Mr. Winkler.

Bill No. 49, for the relief of Helen Maude Walmesley Cherry.—Mr. Winkler.

Bill No. 50, for the relief of Margaret Ann Greenaway Worrell.—Mr. Winkler.

Bill No. 51, for the relief of Isabel Welch Remillard.—Mr. Winkler.

Bill No. 54, for the relief of Karl Gunnar Tammi.—Mr. Winkler.

Bill No. 57, for the relief of Louisa Crawford Gordonsmith.—Mr. Winkler.

Bill No. 60, for the relief of Mary Rita Estella Brennan Henderson.—Mr. Winkler.

Bill No. 15, for the relief of Hilda Richardson Tait.—Mr. Winkler.

Bill No. 72, for the relief of Olga Katchan Parisella.—Mr. Winkler.

Bill No. 74, for the relief of Frederick James Perkins.—Mr. Winkler.

Bill No. 75, for the relief of Roger Lessard.—Mr. Winkler.

Bill No. 79, for the relief of Herve Brunelle.—Mr. Winkler.

Bill No. 83, for the relief of Marie Anna Brassard Bachand.—Mr. Winkler.

Bill No. 84, for the relief of Sema Rubin Charles.—Mr. Winkler.

Bill No. 90, for the relief of Dorothy L. Grauer Shapiro.—Mr. Winkler.

Bill No. 19, for the relief of Mary Mildred Antoinette Castonguay Smithson.—Mr. Winkler.

Bill No. 20, for the relief of Alma Dorothy Lines Robertson.—Mr. Winkler.

Bill No. 21, for the relief of Erita Ethel Elliott Morris.—Mr. Winkler.

Bill No. 22, for the relief of Phyllis Joan Cross Cohen, otherwise known as Phyllis Joan Cross Grosvenor.—Mr. Winkler.

Bill No. 23, for the relief of John Gavigan.—Mr. Winkler.

Bill No. 25, for the relief of Frances Bailey Hershbain, otherwise known as Frances Bailey Berman.—Mr. Winkler.

Bill No. 29, for the relief of Dorothy Gertrude French Gorrell.—Mr. Winkler.

Bill No. 32, for the relief of Lillian May Holloway O'Brien.—Mr. Winkler.

Bill No. 34, for the relief of Jean Marie Weeks Opzoomer.—Mr. Winkler.

Bill No. 46, for the relief of Nancy Jean Tolmie Dawson.—Mr. Winkler.

Bill No. 52, for the relief of Eileen Shirley Guttman Fagen.—Mr. Winkler.

Bill No. 58, for the relief of Rhoda Hayes Goulet.—Mr. Winkler.

Bill No. 59, for the relief of Malfice Ciccone Nadeau.—Mr. Winkler.

Bill No. 67, for the relief of Andre Roy.—Mr. Winkler.

Bill No. 68, for the relief of Libertia Vinivar McClusky Rutherford.—Mr. Winkler.

[The Chairman.]

Bill No. 69, for the relief of Therese Michel Paquette.—Mr. Winkler.

Bill No. 70, for the relief of Alice Courey Salhany.—Mr. Winkler.

Bill No. 78, for the relief of Alfred Ernest Farebrother.—Mr. Winkler.

Bill No. 88, for the relief of Mollie Balacan Pantel.—Mr. Winkler.

Bill No. 95, for the relief of Arline Silverman Cohen.—Mr. Croll.

Bill No. 97, for the relief of Margaret Lois Long Fordham.—Mr. Croll.

Bill No. 100, for the relief of Rose Godfrey Slutsky.—Mr. Croll.

Bill No. 102, for the relief of Gladys Cecelia Fisher Waugh.—Mr. Croll.

Bill No. 103, for the relief of Sheila Ruth Coppelman Mitmaker, otherwise known as Sheila Ruth Coppelman Mintz.—Mr. Winkler.

Bill No. 109, for the relief of Dora Katz Schneiderman.—Mr. Weir.

Bill No. 111, for the relief of Helene Philomena Schenker Champ-Renaud.—Mr. Croll.

Bill No. 113, for the relief of Gregorij Sergeij Anker-Jakerov.—Mr. Croll.

Bill No. 114, for the relief of Florence Margaret Parsonage Velleman.—Mr. Weir.

Bill No. 115, for the relief of Georgine Jun Ruzicka.—Mr. Weir.

Bill No. 118, for the relief of Joseph Edgar Eaton.—Mr. Croll.

Bill No. 121, for the relief of Kenneth Ashby Lambe.—Mr. Winkler.

Bill No. 122, for the relief of Lillian Ethlyn Crouse McManus.—Mr. Winkler.

Bill No. 123, for the relief of Marie Leopoldine Gabrielle Asselin Adler.—Mr. Winkler.

Bill No. 131, for the relief of Frederick Charles Butler.—Mr. Winkler.

Bill No. 133, for the relief of Thomas Richard Markey.—Mr. Winkler.

Bill No. 134, for the relief of Vera Jane Carroll Ross.—Mr. Winkler.

Bill No. 135, for the relief of Ruth van der Walde Crowley.—Mr. Winkler.

Bill No. 137, for the relief of Ruth Friefeld Ragoza.—Mr. Winkler.

Bill No. 139, for the relief of Cyril Frederick Hembling.—Mr. Winkler.

Bill No. 140, for the relief of Denise Gelinas Gilmour.—Mr. Winkler.

Bill No. 148, for the relief of Hilda Irene Gordon Diamond.—Mr. Croll.

Bill No. 151, for the relief of Dorothy Esme Graham Snell.—Mr. Winkler.

Bill No. 153, for the relief of Sergius Messier.—Mr. Winkler.

Bill No. 154, for the relief of Samuel Long Adamson.—Mr. Winkler.

Bill No. 155, for the relief of Sadie Isaac Kannon.—Mr. Winkler.

Bill No. 156, for the relief of Yvonne Yvette Lalonde Faucher.—Mr. Winkler.

Bill No. 162, for the relief of Edith Olive Catherine Cramp Midgley.—Mr. Winkler.

Bill No. 37, for the relief of Margaret Elizabeth Strange Colton.—Mr. Winkler.

Bill No. 38, for the relief of Irene Britton Lynn.—Mr. Winkler.

Bill No. 42, for the relief of Pauline Augusta McCaskill Foulis.—Mr. Winkler.

Bill No. 43, for the relief of Hilda Avrith Grossman.—Mr. Winkler.

Bill No. 44, for the relief of Sarah Grossman Grotsky.—Mr. Winkler.

Bill No. 48, for the relief of Eva Ena Guenard Brassard.—Mr. Winkler.

Bill No. 53, for the relief of Helen Myrtle Woods Poullos.—Mr. Winkler.

Bill No. 55, for the relief of Peter Nicol Crowe.—Mr. Winkler.

Bill No. 56, for the relief of Fred Jenne Fyles.—Mr. Winkler.

Bill No. 66, for the relief of Olga Pretula McGonnigal.—Mr. Winkler.

Bill No. 71, for the relief of Vivian Clement Mole.—Mr. Winkler.

Bill No. 73, for the relief of Frederick Ernest Marlow.—Mr. Winkler.

Bill No. 77, for the relief of Audrey Jessie Elizabeth Kinnear Park.—Mr. Winkler.

Bill No. 80, for the relief of Jean Frew Hawkins.—Mr. Winkler.

Bill No. 81, for the relief of Lucy Elliott Dolan.—Mr. Winkler.

Bill No. 85, for the relief of George Louis Draper.—Mr. Winkler.

Bill No. 87, for the relief of Ruth Evelyn Seivewright Day.—Mr. Winkler.

Bill No. 89, for the relief of George Edward Gumbley.—Mr. Winkler.

Bill No. 98, for the relief of Eileen Roberta Lynn Walker.—Mr. Croll.

Bill No. 99, for the relief of Claire Greenberg Ghilcig.—Mr. Croll.

Bill No. 101, for the relief of Eva Lubin Greenfield.—Mr. Croll.

Bill No. 106, for the relief of Marie Dora Adrienne Menard Chartrand.—Mr. Croll.

Bill No. 107, for the relief of Bridget Chiasson Musseau.—Mr. Croll.

Bill No. 110, for the relief of Joseph Lionel Bibeau.—Mr. Croll.

Bill No. 112, for the relief of Mary Finkelstein Fogel.—Mr. Weir.

Bill No. 116, for the relief of Jean (Janek) Mazur.—Mr. Weir.

Bill No. 125, for the relief of Madeleine Therrien Ferron.—Mr. Winkler.

Bill No. 126, for the relief of Catherine Victoria Howie Burnett Worthington.—Mr. Winkler.

Private Bills—Divorce

Bill No. 127, for the relief of Hazel Rawlings Passnick.—Mr. Winkler.

Bill No. 128, for the relief of Douglas Paul Wilbur.—Mr. Winkler.

Bill No. 129, for the relief of Arnold Ernest Kirby.—Mr. Winkler.

Bill No. 130, for the relief of Annie Shaw Young Goudie Corcoran.—Mr. Winkler.

Bill No. 136, for the relief of Mabel (Karianoron) Stacey Delorimier.—Mr. Winkler.

Bill No. 141, for the relief of Gordon Eugene White.—Mr. Winkler.

Bill No. 142, for the relief of Silas Maxwell Barrow.—Mr. Winkler.

Bill No. 145, for the relief of Nathalie Olga Marianne Pervouchine Petrik.—Mr. Weir.

Bill No. 146, for the relief of Lily Stall Wax.—Mr. Weir.

Bill No. 147, for the relief of Charles William Silver.—Mr. Weir.

Bill No. 149, for the relief of Jochwet Freiberg Rosenstein.—Mr. Weir.

Bill No. 150, for the relief of Mabel Elizabeth Jones McKay.—Mr. Winkler.

Bill No. 152, for the relief of Olive Winifred Thistle Gour.—Mr. Winkler.

Bill No. 157, for the relief of Kenneth Oliver Frawley.—Mr. Winkler.

Bill No. 158, for the relief of Carol Almina Perry Alleyn.—Mr. Winkler.

Bill No. 160, for the relief of Edna Pearl Tait Ames.—Mr. Winkler.

Bill No. 161, for the relief of William Payne. —Mr. Winkler.

Bill No. 163, for the relief of Dorothy Lillian Robinson Kay.—Mr. Winkler.

Bill No. 164, for the relief of Emily Eileen Withall Rediker.—Mr. Winkler.

Bill No. 165, for the relief of Joseph Charles Gerard Jean Leduc.—Mr. Winkler.

Bill No. 166, for the relief of Hilda Miriam Magee Taylor.—Mr. Winkler.

Bill No. 167, for the relief of Laurent Langlois.—Mr. Winkler.

Bill No. 168, for the relief of Dorothy Lucille Girard Ward.—Mr. Winkler.

Bill No. 169, for the relief of Alfred Machabee.—Mr. Winkler.

Bill No. 170, for the relief of Fanny Iancovici Weissenberg.—Mr. Winkler.

Bill No. 171, for the relief of Marilyn Apple Bogoroch.—Mr. Winkler.

Bill No. 175, for the reilef of Helen Semegen Boodanoff.—Mr. Winkler.

Bill No. 176, for the relief of Mary Ann Munro Kelly.—Mr. Winkler.

Bill No. 178, for the relief of Joan Alexander Jacobs Epstein.—Mr. Winkler.

Bill No. 10, for the relief of Shirley Doreen Rowe.—Mr. Winkler.

Private Bills

Bill No. 31, for the relief of Edna Gibson Smith Schiller.—Mr. Winkler.

Bill No. 65, for the relief of Florence Edith Holland Clarke.—Mr. Winkler.

Bill No. 76, for the relief of Phyllis Muriel Skelcher MacDonald.—Mr. Winkler.

Bill No. 82, for the relief of Phyllis Kaplan Holloway.—Mr. Winkler.

Bill No. 86, for the relief of William Young. —Mr. Winkler.

Bill No. 96, for the relief of Doris Jane Aitchison Birchenough.—Mr. Croll.

Bill No. 104, for the relief of Ada Vera Higgins Montgomery.—Mr. Croll.

Bill No. 105, for the relief of Priscilla Theresa Marie Laurin Minyaska.—Mr. Croll.

Bill No. 108, for the relief of Emilia Bigelis Kozakiewicz.—Mr. Weir.

Bill No. 117, for the relief of Giuseppa Manuri Bartucci.—Mr. Croll.

Bill No. 119, for the relief of Sylvia Grace Martin Corbett.—Mr. Winkler.

Bill No. 120, for the relief of Sarah Sybil Aaron Daugaard.—Mr. Winkler.

Bill No. 124, for the relief of Joseph Jacques Ernest Demers.—Mr. Winkler.

Bill No. 132, for the relief of Sam Feldstein.—Mr. Winkler.

Bill No. 138, for the relief of Mary Duncan Barlow.—Mr. Winkler.

Bill No. 173, for the relief of Rowena Ann Christena Turner Rae.—Mr. Winkler.

Bill No. 174, for the relief of Jozefa Majcher Wozniak.—Mr. Winkler.

Bill No. 177, for the relief of Esther Maron Feldman.—Mr. Winkler.

The Chairman: Is it the pleasure of the committee that I call all the clauses of these bills at one time?

Some hon. Members: Agreed.

The Chairman: Shall clause 1 of these bills carry?

Mr. Knowles: Just before you ask the committee to carry clause 1 of all these bills, Mr. Chairman, I would like to say a brief word. It is not my intention this evening to delay the passing of these bills in committee, for they are the same bills we have had before us earlier this session for second reading. Since a majority of the house decided we should deal with divorce here rather than elsewhere I had thought other members would be interested in examining these bills clause by clause, but apparently that is not the case. I note that what you are now asking is that we agree to clause 1, which is the significant clause, of all the bills before us. They number some 157. I merely rise to call attention to what the house is doing, putting 157 of these divorce bills through the stage known as the committee of the whole in what is but a very brief compass of time.

The Chairman: Shall clause 1 of these bills carry?

Some hon. Members: On division.

Section agreed to.

The Chairman: Shall clause 2 carry?

Some hon. Members: On division.

Section agreed to.

The Chairman: Shall the preamble carry?

Some hon. Members: On division.

Preamble agreed to.

The Chairman: Shall the title carry?

Some hon. Members: On division.

Title agreed to.

The Chairman: Shall I report these bills?

Some hon. Members: On division.

Bills reported.

Mr. Deputy Speaker: When shall these bills be read a third time?

Mr. Fulton: Before the bills are read a third time, by leave, I wish merely to ensure that it is made clear on the record that they carried in committee on division.

Mr. Knowles: And there were 157 of them.

Mr. Deputy Speaker: I think the hon. member said that quite clearly on every clause, as well as the preamble and the title.

Mr. Fournier (Hull): He was not the only one.

Bills read the third time, on division, and passed.

INDUSTRIAL RELATIONS

AMENDMENT OF CHAPTER 54, STATUTES OF 1947-48—VOLUNTARY REVOCABLE CHECK-OFF OF UNION DUES

The house resumed, from Tuesday, April 1, consideration of the motion of Mr. Knowles for the second reading of Bill No. 3, to amend the Industrial Relations and Disputes Investigation Act (voluntary revocable check-off).

Mr. Knowles: Mr. Speaker—

Mr. Deputy Speaker: I must inform the house that if the hon. member, who is the mover of the motion, speaks now he will close the debate.

Hon. Milton F. Gregg (Minister of Labour): Mr. Speaker, before the hon. member closes the debate I would like to say a few words regarding this bill. I congratulate the hon. member for Winnipeg North Centre (Mr. Knowles) on his persistence on behalf of this amendment. He covered ground again this year which has become quite familiar.

I am not going to attempt to make the same points I tried to make when the bill came up last year. Amongst other things I said then that I would give close study to the pros and cons of this question, and I have tried to do that. Nothing I have seen has caused me to believe that it is a very bad thing to adopt the voluntary check-off when it has been arranged by agreement between the two parties concerned. I think it has many things to commend it, just as so many other items agreed to by collective bargaining have much to commend them. While the present Industrial Relations and Disputes Investigation Act is not to everyone's desire, and perhaps would be a sorry document if it were, on the whole it works very well.

Of one thing I have become quite sure, in connection with this effort in encouraging industrial peace in Canada; the spirit of good will and co-operation between the two bargaining parties is of far greater importance than trying to make the act so tight, so rigid and mandatory in the hope that it might be able to cover all contingencies that might come up from time to time. We in the federal Department of Labour have been doing our very best to help create the kind of industrial atmosphere in Canada in which peace and good labour relations might flourish. For the past year and a half I have heard from time to time the most forceful exhortations from those speaking on behalf of wage earners generally. In this house and even more especially outside it I have been told in no uncertain terms in reference to what happened here in September of 1950, in connection with the railway strike, that the principle of compulsion must not—and I repeat must not—be allowed to creep anywhere into our permanent labour legislation.

I take that to mean that if it is possible to avoid it, government legislation should not compel either side to agree to any bargaining item normally coming under collective bargaining. I will admit that the Industrial Relations and Disputes Investigation Act does have some compulsory provisions. For example, there is the provision that an agreement must not be for less than one year. These compulsory provisions, however, apply to both parties. I am not going to say for a moment that never again should the act be amended so that this principle might be included. It may be that the time may come when this amendment should be included in the act as part of a well balanced over-all review, based on a reasonable period of experience in its present form.

I am fully aware that there are members in all parts of this house who feel that that time may be now, and I have the greatest respect for their views. But I do maintain that we can afford to go slowly as we have done in adding further compulsory items and particularly a compulsion which, for the first time in federal legislation, would impose duties on one party to collective bargaining and not upon the other. I should like to be sure also that the establishment of the principle of parliament determining such questions as are now active in the area of industrial self government does not run against the long term best interests of organized labour itself. I am confirmed in this let-well-enough-alone attitude when I reflect that parliament made it quite clear in section 6 of the original act that there is no restriction whatever on the rights of parties to collective agreement to include such a provision.

I should like to repeat that this government is not opposed to the voluntary check-off in those industries coming under the federal labour code. But the government feels that, for the present at least, the check-off should be made effective only through a freely negotiated agreement by means of collective bargaining.

Mr. Paul E. Cote (Verdun-La Salle): This is not the first time, Mr. Speaker, that I have had the opportunity of expressing my views on the attempt which is being made by this bill to amend the Industrial Relations and Disputes Investigation Act. During the debate which was opened by the hon. member for Winnipeg North Centre (Mr. Knowles) on April 1, members will have noticed that the discussion tended to show the desirability of applying the principle of the voluntary revocable check-off to industries under federal jurisdiction, without placing too much emphasis on the method which is being advocated to attain that aim. We all agree on the soundness of this principle of the voluntary revocable check-off as the least possible measure of union security to which the trade unions of this country are entitled.

I am afraid, though, that a member who has been listening to the debates which have gone on in the past years, and again this year under this bill, has been misled in some way since the whole discussion has been on the principle of the check-off, the development of check-off provisions in the country, and so on. Figures have been given showing what the situation is in the manufacturing industry, for instance. Tonight I should like to discuss the effect that the passage of this bill would have on the act which it proposes to amend, the Industrial Relations and Disputes Investigation Act. The bill is directed at inserting in this act a subsection 3 to section 6, which is one of the sections under

the heading of "Unfair labour practices", and which would operate upon the request of any certified trade union to compel the employer to comply with the procedure of the voluntary revocable check-off. My point is this. Even if all the members in this house were to agree on the principle of the voluntary revocable check-off, and wished to see it applied in all plants in this country where the workers are properly organized, the method advocated in this bill to achieve that end within the field of federal jurisdiction is wrong and objectionable.

I have taken the same stand in past debates on the same subject, and it is the stand I am taking today against this bill. I was unavoidably absent when the bill came up for discussion for the first time on April 1 of this year. I have read in *Hansard* the address which my colleague, the parliamentary assistant to the Minister of Defence Production (Mr. Dickey), delivered on that occasion. He has taken the right approach in examining the bill from the angle which I have just mentioned. He made a very fine address and I wish to compliment him sincerely.

As it is now nine o'clock and I should like to proceed further, I move the adjournment of this debate.

Motion agreed to and debate adjourned.

WAR VETERANS ALLOWANCE ACT

REVISION AND CONSOLIDATION—INCREASE OF ALLOWANCES, ETC.

The house resumed consideration of the motion of Mr. Lapointe for the second reading of Bill No. 181, respecting allowances for veterans and their dependents.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, when the house rose at six o'clock we were discussing the motion for the second reading of the new War Veterans Allowance Act. I had just indicated, as had other members who had preceded me, my feeling of disappointment that the government is asking the house to raise the amount paid under the War Veterans Allowance Act to only $50 a month for a single veteran and to only $90 a month for a married veteran. I had just pointed out that I felt it was particularly incongruous that on this day we should be reading headlines in the papers to the effect that the Minister of Finance (Mr. Abbott) is predicting prosperity and good times for the next ten years, and at the same time we are asked to agree to such small amounts for our burnt-out pensioners, to whom all of us feel we owe so much. I earnestly hope that those who appear before the special committee on veterans affairs, when they request that committee to increase these amounts, will know that they have allies in a good many of us in the house. We earnestly hope that their pleas for amounts such as $60 a month single and $120 a month married will be accepted and recommended back to this house by the special committee on veterans affairs.

I feel too, Mr. Speaker, it is most disappointing that the government at this time, when it has chosen to rewrite the War Veterans Allowance Act, has retained the means test to the extent that it is retained in this new version of the act. Under the act as it stood before this bill was brought in, a single veteran was permitted to have $10.42 a month other income and still draw the full amount of the burnt-out pension. A married man was permitted to have $20.83 a month other income, and still draw the full amount of the war veterans allowance. Actually, those margins between the amount of the allowance and the total income that a burnt-out pensioner could have, have been reduced. They have been reduced in both cases to the sum of $10 a month.

In passing I want to say at this point that I still think it is unfortunate that we had by accident back in 1949, in connection with the Old Age Pensions Act, the introduction of the idea of the other income being made the same both for a married couple and for a single person. As I have said, it was an accident; it was done for reasons I need not go into, but I registered my objection very strongly at the time. Now that idea has been carried forward in the present Old Age Assistance Act and here we have it introduced for the first time into the War Veterans Allowance Act. Previously this legislation always provided that the amount of other income permitted to a burnt-out pensioner was twice as much in the case of a married veteran as in the case of a single veteran. Now it has been made the same in both cases, and that margin, as it were, has actually been reduced from the former figures down to $10 a month. I realize that the minister can reply—but I suggest to him that it is only a debating point so far as this margin is concerned—that the ceiling has been raised, but the fact of the matter is that the ceiling has not been raised to the extent that the amount of the allowance itself has been raised, and that is what accounts for this lessening of the margin to which I have referred.

In view of the feeling of a great many Canadians that there should not be any means test at all with respect to the war veterans allowance, it does seem unfortunate that this measure now before us provides

not only for the retention of the means test, but for the lessening of the margin that is permitted to a burnt-out pensioner. I hope that this point will come in for considerable discussion in the special committee on veterans affairs. I say again to the representatives of the Canadian Legion, and to the others who will appear before that committee, that in their request that the income ceilings be raised to $1,200 single, and $2,000 married, they have allies and supporters here on the floor of the House of Commons. I know that members of the committee will listen closely to what the representatives of the Legion have to say, and I hope that not only the private members of the committee, but the government representatives on the committee will pay attention to the Legion's request for considerably increasing the ceilings.

It is obvious now that the government is not going to agree to the removal of the means test from the War Veterans Allowance Act. In that circumstance it means that we will have to concentrate on the effort to secure the raising of these income ceilings. I believe that consideration should be given to the point that was made this afternoon by the hon. member for Nanaimo (Mr. Pearkes) when he suggested that the objective sought by the portions of the act that are designed to permit burnt-out pensioners to engage in employment on a monthly basis without losing all their burnt-out pension in other months could be achieved just as well by raising the permissible income ceilings to the figures suggested by the Canadian Legion, and in so doing some of the other difficulties would be taken care of as well.

I think again of the ill-feeling that has developed in a good many quarters over the way in which burnt-out pensioners, on receiving the old age security pension, have had their burnt-out pension reduced. We understand it in this house at any rate that there is no means test in the Old Age Security Act itself. Everyone 70 years of age who meets the other qualification, namely, that of sufficient residence in Canada, qualifies for the $40 pension under that act regardless of his means. Most people in Canada who qualify for the pension under the Old Age Security Act do not suffer any loss in their other income by virtue of the fact that they are in receipt of that other pension; but in the case of war veterans allowance recipients, when they receive the old age security pension, it is taken into consideration by the war veterans allowance board in computing the burnt-out pension under the means test. In other words, they are still under a means test.

I remind the house and the government that it would have been possible, if the government had seen fit to do it that way, to put income received under the Old Age Security Act in the same class as income under the Family Allowances Act. Income under the latter is referred to in the War Veterans Allowance Act, and is not counted as income for the purpose of the War Veterans Allowance Act. In other words, technically speaking, legally speaking, it could have been done. If the government prefers not to do it that way, that is another of the problems that could have been solved if the suggestion of the hon. member for Nanaimo were taken, and the permissible income ceilings were raised substantially rather than following this other method of providing for part-time employment.

As I say, and as he said, if you raise the permissible income ceilings to figures such as have been suggested by the Canadian Legion, a burnt-out pensioner over 70 who is on the old age security pension would not suffer any loss in his war veterans allowance and at the same time you would take care of the burnt-out pensioner who would be able to take part-time employment. They would both be protected by legislation of that kind. I hope the government will not take the view that this bill in the form in which it has been presented to the house is sacrosanct but that it will let the committee examine the whole question, and if the committee in its wisdom feels a different pattern should be drawn up, that the government will let the committee draw up that different pattern and recommend it back to the house.

I express that hope partly on the basis of what the Minister of Veterans Affairs (Mr. Lapointe) had to say in the house this afternoon. I was very pleased to hear him say when he opened the debate on second reading that in view of what he referred to as the misinterpretation to which the bill was being subjected because of the raising of the age from 60 to 65 except in cases of those finding it difficult to retain steady employment, he was prepared for the committee to change the age and put it back to 60 where it had been. Well, obviously that results from public reaction which has already reached the minister, and I hope that the degree—

Mr. Lapointe: Ah!

Mr. Knowles: All right—for any reason that the minister wants. He says, "Ah". I do not know what he means; but it has come to his attention in some way that the wording of the bill in that respect, as he has presented it to us, is not satisfactory.

Mr. Mutch: It lends itself to wilful misrepresentation.

Mr. Knowles: I beg your pardon?

Mr. Mutch: It lends itself to wilful misrepresentation, and therefore should be changed.

Mr. Knowles: The parliamentary assistant is saying something quite different from what the minister said.

Mr. Lapointe: No, no; that is exactly what I said this afternoon. It is exactly what I said; but you were not interested in making a speech then.

Mr. Knowles: The Minister of Veterans Affairs thinks, even before this bill was debated in the house, that that section of the bill was misrepresented, and he thinks it is wilful—at least so they are now saying. That is of course a matter of opinion. But even if he thinks that is the case, it is interesting to note that because that happened he is prepared to suggest that the terms of the bill should be changed. I hope the same elasticity and flexibility he has shown will be carried over into the committee, and that the whole pattern can be changed, so far as the government is concerned if, after it has heard the representations of the Legion and others, the committee in its wisdom feels that changes should be made.

Another type of change which obviously will have to be made—and it is technical; I do not intend to go into it in detail—is that after the change from 65 to 60 is made in section 3 of the bill it will follow that changes will have to be made in sections 4 and 31, and perhaps in other parts of the bill as well. Otherwise certain features of the bill will not be clear. At the present time it is drafted on the basis of two categories. If a change is to be made back to the age of 60, I hope the government and committee will see to it that no ambiguity is allowed to carry over.

I am glad to note that there is a section in the bill which, if I read it correctly, does carry out the minister's undertaking of last fall that any changes made under the bill would be made retroactive to January 1, 1952. There was never any doubt that that undertaking would be fulfilled, but I am sure it will mean a great deal to our burnt-out pensioners to know that when this bill is finally enacted there will be for a good many of them an adjustment back to January 1, 1952.

I am sorry there is no change in the new bill with regard to the definition of "theatre of war" for those who participated in world war I. It does seem to me that the case we have been making across the years for an ever-dwindling number of men in this category is one which should not continue to fall on deaf ears. There is not only the plight of the veterans themselves who, through no fault of their own, were not able to get beyond England during the first world war, but there is the plight of the widows of those veterans who, though they qualify in every other respect, are denied the allowance provided under the act. That, too, I trust will be discussed in detail in committee, and I hope that after representations have been made the committee will give consideration to making a change in that definition.

Similarly I support those who have urged once again that the widows of imperial veterans be granted the allowance, if they have had the required residence in Canada, and that they should not be denied it merely because their husbands happened to live in Canada prior to death something less than the full 20 years.

There are other aspects of the matter upon which I might comment. However I do not believe it is necessary to do so at this time. I confess I have spoken with respect to this legislation on a good many occasions. I have done so because this legislation is extremely important to the needy older veterans of this country. There are many who, though they have served their country well, do not qualify as some of us feel they should qualify under the Pension Act. They must fall back on this legislation, and I feel we should take every possible step to make this the kind of legislation which shows for our burnt-out veterans a high degree of respect, and I think it should really show our appreciation of what they have done for us.

I earnestly hope that these important aspects of the matter, the amount of the allowance, the means test, the relation between war veterans allowance and old age security, as well as other aspects, will be fully considered in committee, and that the committee will be the kind of committee we have had in some years in the past. They have not all been the same. There have been committees in which there was a certain amount of wrangling, as indeed there is in most committees of the house. On the other hand there have been committees when it has seemed to us that the veterans have got together and, on a co-operative basis, recommended what was best for their comrades as a whole.

I hope that will happen this time, and that when the members of the committee have so recommended the government will accept the recommendations they make for real improvement in this very important piece of legislation.

Mr. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, I should like to say a

few words on this subject, and in doing so shall try to brief. As I am not a member of the committee I will not have the opportunity presented to others to discuss these matters at length.

I feel it is useful to draw to the attention of the minister the fact that there is not entire agreement with the legislation he proposes to have enacted at this session. We are grateful that this matter is being dealt with, in line with the promise given last fall. But it is only fair to indicate at this stage that the legislation does not come up to our expectations.

As the debate progressed I was just thinking that this is a clear indication of the tremendous impact of war on society. Thirty-four years have gone by since the close of the first great war, and we are still attempting to settle some of the problems that affected those who served, and their dependents.

The War Veterans Allowance Act affects people who served in the South African war, which was brought to a conclusion fifty years ago this month. Then, there are a few survivors from the northwest field force whose active campaigning in western Canada occurred about sixty-seven years ago. But this does serve to indicate the shocking impact of war.

In 1979, thirty-four years from the close of the second great war, I suppose the survivors of that war will be arguing about the matter of assistance for veterans. I would hope that we could have the matter solved before too long.

Another point I would mention is that the number of people involved under this legislation is very small. According to the figures available at March 31, 1950, the survivors of the northwest field force who were benefiting under this act numbered only 60, while there were 336 from the South African war and about 24,700 from the first great war. Incidentally I hope that the veterans of the second great war will take a keen interest in the veterans of the first great war, just as the veterans of the first great war felt indebted to the South Africa veterans. It is sometimes overlooked that the South Africa veterans played a great part in the organization and training of the armies who fought in the first great war. Because of their experience, the contribution they made was considerable. As the veterans of the second great war mature a bit they may perhaps acknowledge that the veterans of the first world war made a similar contribution toward their activities.

The number is small compared to the total population of this country. In 1930 there were 51,000 in round figures drawing benefits under this particular legislation, and I am referring only to veterans and not to widows and others. That number has since dropped to 25,000.

Mr. Speaker: It was drawn to my attention earlier in the day that a discussion on pensions generally was not in order under this bill. At the present time is the hon. member discussing the question of pensions to veterans generally? If so, I would ask him to confine his remarks to the principle of this bill which deals with allowances to war veterans and their dependents.

Mr. Churchill: I was referring to those drawing war veterans allowances; I was not making any reference to disability pensioners.

Mr. Speaker: I understood the hon. member to refer to the number of pensioners in 1930.

Mr. Churchill: Under war veterans allowance.

Mr. Knowles: Burnt-out pensioners.

Mr. Speaker: He mentioned some 50,000 for the year 1930.

Mr. Churchill: I was quoting from the report of the war veterans allowance board which appears on page 140 of the annual report of the Department of Veterans Affairs for the year ended March 31, 1950. That shows that in 1930 the number drawing allowances under the War Veterans Allowance Act was 51,000, which number has now dropped to 25,000. The total number is decreasing at the rate of approximately 1,000 a year. Each year new people are taken in under the legislation, but the over-all total is decreasing at that rate.

I maintain that it is a decreasing obligation so far as the veterans of the first world war are concerned and I think we can afford to be reasonably generous with these men. In order to qualify they must be sixty years of age or over and must prove that they served in a theatre of war. I remember the hon. member for Cape Breton South (Mr. Gillis) giving in the house what I considered to be the finest exposition of the service rendered by the men in this category.

These men were not wounded during the war but they suffered the hardships of campaigning. It has become quite obvious that men who underwent the campaigns in northwest Europe from 1914 to 1918 have in many instances suffered as a result.

I recall one sergeant, subsequently a sergeant-major, who came from the maritimes. He had served in France, first in an infantry regiment and later in a machine gun battalion, from the spring of 1915 up to the end of the war and then through the occupation in

Germany. He was never wounded and to my knowledge had not missed an action except when he was away on annual leave. That is only one instance and I know of others whose service was lengthy. While they were not wounded they have now reached the age of sixty or over and are beginning to show signs of their exposure to the elements during the campaigning they endured. It was to aid these people that this legislation was enacted.

I think that they are as deserving of generous treatment as any of those who come under our veterans legislation. Consequently I think the Legion is well advised to suggest that the allowances should be increased. I would be happy to support their suggestion. It has been pointed out to the minister before that the Legion and other veterans organizations which deal with these matters are responsible bodies. The Legion has not put forward any extravagant claims at any time. They give close attention to matters of this sort and have not wished to be a burden on the country. Their representations have been carefully investigated and have received close attention indeed.

I regret that the means test has not been removed. This ceiling on the earnings of those coming under war veterans allowance is most annoying. I can give the minister instances where the burden falls largely upon the wife of the veteran. Take where a war veteran is burnt-out and unable to work. He finds that he cannot support himself and his wife on the allowance and the wife must go out to work. We must remember that the wives of those on war veterans allowance are not young women. They have reached the time when they should be retired but in many instances, in order to maintain the home and provide food and clothing, they have to go out to work. At that point the ceiling comes into effect.

I know of one instance of a war veteran suffering from arthritis who is unable to do any work. His wife, who is not a young woman, goes out to work every evening cleaning and sweeping up in a business block. The combined earnings exceeded the ceiling permitted and then the means test was applied and the war veteran was threatened with a reduction in his allowance. When the wife discussed this with the officials they drew attention to the possibility of casual earnings. This is a difficult matter for some people to understand, but it amounts to giving up a steady job and just going around to work a few days here, a few days there and a few days somewhere else and keeping your earnings down to a point where they do not exceed the ceiling.

I think one of the worst features of this legislation is the means test and the establishment of the ceiling, and I should like to lodge my protest. These people, few in number, an ageing group, should be given every encouragement. Where you have dependents who are doing their level best to assist, that should be recognized and these people should be given the benefit of the extra work they do. I hope that during the course of the meetings of the committee all these matters will be discussed in detail and that more generous treatment will be afforded these people on war veterans allowance.

Mr. G. C. Nowlan (Annapolis-Kings): Mr. Speaker, I want to speak for a moment on this matter. As one who has been associated with the Legion for many years, in fact from the very first time to which Your Honour referred a few moments ago when the first payments of war veterans allowance were made, and having been here when the matter was dealt with at that time, I have some special interest in this legislation. I am not going into the details of the criticisms and suggestions that have been made. The minister has been here, has heard them, and I know that he will give them consideration and that the committee will do likewise.

Unfortunately I am one of the veterans who cannot be on that committee, and it is for that reason that I transgress on the time of the house for three or four minutes. I think the point made by the hon. member who preceded me is an important one. The group affected by this legislation is small in number and must inevitably become smaller as time goes on. As he says, there will be no replacements for those who took part in the first world war, and it is going to be many years before the veterans of the second world war can be affected by this legislation. We do not know under what circumstances, financial or otherwise, the country and the government will be operating by that time.

In the meantime we have a direct responsibility to these pitifully few veterans from earlier battles and wars. There are only a relatively small number from the first war. Having studied the legislation, and without committing oneself as to any definite figure as to the payments which should be made, there should be substantial increases. We have the recommendations which will be presented, as we know, by the Legion to the committee. I am sure the minister will agree that all Canadians can be proud of the attitude that has been taken by the veterans organizations in Canada in the past, and particularly the Legion. Their attitude has

been different from that which may have been taken by similar organizations in other countries. They have shown a degree of responsibility towards such matters which has inspired confidence on the part of the country.

One reason why the demands of the veterans as expressed by the Legion have general support throughout the country is that throughout all these years the Legion has always taken a sane and rational approach to the different problems. A great many members of the Legion give of their own time at inconvenience and expense to themselves to service and look after their comrades who have suffered disability or are burnt-out as are the ones we are dealing with today. When such an organization appears, as it will, before the committee in the very near future I suggest that its representations should be received with the greatest of respect. I trust that the committee, as I am sure it does, appreciates the fact that not only the returned men who are members of the house but practically all members of the House of Commons welcome their views and are inclined to endorse them.

As I said, the number of men concerned is diminishing, and surely in these times, when we have a degree of development such as we have never known before and when we are looking forward to further thresholds, returned men who suffer from no particular disability except the fact that they were burnt out in the interests of their country should be properly looked after. I suggest it is not right that there should be a ceiling with respect to them such as is imposed by this legislation. There should not be control of casual earnings, whatever they may be, in the way that is proposed by the legislation. I hope that these matters—and I know they will—will be considered by the committee.

While the members on the other side of the house who are returned men perhaps feel for various reasons that they do not want to take part in the debate at this time, nevertheless we know that they are interested. They have exercised influence before in committees and on the government. There have been times when they have exercised very substantial influence in connection with these matters. I simply speak as one who will not be a member of the committee. I think I am expressing the views of everyone. I know I am expressing the views of all who sit around me, and I believe of members generally and of the people of the country. The country expects the committee to deal with this legislation in a most constructive way and to report it back to the house on a scale considerably modified from that in which it is sent to it.

Mr. Rodney Adamson (York West): Mr. Speaker, I merely want to add my voice to the protests respecting the regulations concerning supplementary earnings that have been voiced by the hon. member for Royal (Mr. Brooks) and other members of the official opposition. I do so because I consider that it is an economic error. There are veterans of the first world war with considerable technical skills and who from time to time over short periods can command considerable earnings. I have in mind a veteran who appealed to me. He is a radio technician capable of doing special work on electronics. He could earn $1.50 to $2 an hour doing his specialized work but he was informed that if he accepted a job with one of the firms in that line of work he would lose his war veterans allowance.

On the face of it probably that is just. However, this man suffered an eye injury during the first world war, and his age was such that a company employing him could not in any way guarantee him permanent employment. Nevertheless from time to time he was capable of doing extremely valuable highly skilled work but because of his eye injury he could only do so on a temporary basis. No employer could possibly employ him on a permanent basis when his disability prevented him from working steadily. I feel that a man with such skill should be encouraged in every way to do as much useful work as he possibly can. I feel that the regulations limiting extra earnings not only destroy his morale and his ability to do useful work, which is in itself an extraordinarily bad thing, but also prevent a great deal of useful work being done throughout the country, which is also a bad thing.

Third, this man with special skill had to make a decision whether he would undertake the work—and in this case the job sought the man—and thereby lose his war veterans allowance, with the knowledge that should there be a recurrence of the eye injury, which was expected, that would prevent him from continuing with this work, he would become unemployed and would have to reapply for the war veterans allowance.

I mention this case, Mr. Speaker, because in my opinion one thing we should do from an economic point of view is encourage all the useful work that can be done in Canada. Anyone with special skill, anyone who can do work even of a temporary nature, should be encouraged to do it. If a man suffers a recurring disability which from time to time prevents him doing regular work, nevertheless he should be encouraged to work whenever it is possible for him to do so. It

is good for the morale of the man. It is good for the morale of the country, and it is good for our economy.

I feel that these regulations are negative. Believe me, a lot of these old soldiers are extremely proud. More than anything else they want to be usefully employed, but these regulations virtually prevent their employment in many cases. This has come up on several occasions through people who have appealed to me. While they have received sympathetic consideration, nevertheless they have had to come to a decision—and it is a dreadful decision for anyone of any age to have to make—as to whether they would do useful work or attempt to live on the allowance the government granted them. It seems to me nothing would be more calculated to destroy the morale of those in receipt of war veterans allowance, those veterans of the first world war, than to so limit their extra earnings as is proposed under this legislation.

Mr. O. L. Jones (Yale): I am not going to detain the house very long; but like the hon. member for Winnipeg South Centre (Mr. Churchill), since I am not a member of this committee I would like to place before the house the consensus of opinion of the veterans in my riding, who number several thousand. Tonight we are dealing with a bill which will affect a large number of people in my constituency, many of whom have come there to enjoy the better, drier climate we have in that part of the country. Their number is gradually diminishing. I am afraid that unless something is done quickly the benefits we are hoping to render the burnt-out veterans will be wasted. They will not be there; they will have completely burned away.

To me this is a form of adjustment of a debt of honour, a keeping of faith with those who passed on fighting for these very things: higher standards of life, greater security for their fellow men. If we do not carry out what we fought for in the first and second world wars we will be breaking faith with those who have gone before, particularly if we cannot take better care of their dependents.

The disabled veterans are satisfied with the generous treatment they were accorded last session. I certainly hope the same generosity will be shown in dealing with this group of veterans. In the case of the disabled veterans the brief presented to the committee by the Canadian Legion became practically the blueprint of the final legislation. I feel that was because of the careful thought and study put into that brief by the officers and members of the Legion. It represented the carefully collected and studied opinions of all the branches throughout the dominion. The same careful canvass has been carried on again with regard to the veterans allowance. I may say I know the work of the Legion very well; I have been a past president and am now a life member. I joined the Legion within the first few months after it was formed, so I know the thoroughness with which the brief will be prepared before being presented to the committee.

From information that has come to me I have some knowledge of one or two points I know will be dealt with in that brief, and on behalf of the people I represent I ask the minister to do something about those matters. In the first place they ask that the principle of the war veterans allowance be not changed, but they ask that it be increased from $40 for a single man and $70 for a married man to $60 for a single man and $120 for a married man. I think that is a reasonable request. I do not believe they are asking for too much in view of the high cost of living today. With the dollar only worth fifty cents, they are practically asking for half those amounts. So while the bill does not contain any figures, since the minister has already changed his mind about one matter I hope he will change it about this as well.

Another point is that the total ceiling should be raised to $1,200 for single men and $2,000 for married men; and to carry that out I suggest that the minister go further and entirely remove the means test. I believe we should encourage these burnt-out men to take any work they can do in order to keep up their morale and give them something to live for. Even though they may earn a little more than the minister believes they should, we must not forget that they can still render useful service to society. I have in mind my own district, where for two or three months each year we have a scarcity of labour to pick fruit. It is true that these veterans cannot do any hard work, but they are ideal for this type of labour. They can work for two or three months picking fruit and sometimes it pays very well, because of the rush nature of the work. So I feel the minister should consider allowing money so earned to be added to their allowance without penalty. Otherwise the fruit industry would have to do without the help now given by these men.

Then the widows of imperial and allied veterans with twenty years of residence in Canada should be entitled to the war veterans allowance regardless of the date of death of their husbands. I believe this is absolutely

correct. I am speaking on behalf of the veterans of my riding, and they are 100 per cent behind that thought.

I well remember Canadians serving in England who would have liked to have gone to France but could not. They had to stay behind in a training camp or work in hospitals or in charge of supplies. During the last war, in many cases, these men ran risks equal to those run by men who were in the front-line trenches. I remember that during the first war the men had to work pretty hard at the base looking after the supplies, whether the base was in England or in France. They were pleased when they were ordered to the front, because they went to the trenches for a rest. Therefore the veteran who served only in England may well have rendered, in that time spent in England, service equal to if not greater than that rendered by one who went to France, who perhaps even then did not see the trenches.

I feel that the implementation of this policy to increase the allowance is long overdue. I could name dozens of cases in which there was hardship that have come to my particular notice. On their behalf I urge the minister to reconsider the bill, especially after discussion with the members of the Canadian Legion. I do not believe the cost would be very high, but that can be considered after the numbers have been arrived at, the ages and the amount to be paid. I feel that the implementation of such an act would round out the program of care that we have developed for our ex-service personnel. It would give us a complete program of care. At present we have looked after the disabled, and we have looked after other small groups. This would complete the program, and Canada could be proud of the service rendered to returned men because it would be the equal of any country in the commonwealth of nations. I hope that the minister, who has already shown a tendency to modify his views and change what is already incorporated in the bill, will continue to do so until the needs of these men have been taken care of.

Mr. E. D. Fulton (Kamloops): Mr. Speaker, lest he should assume from the fact that I did not speak that I had changed the views which I had expressed last year, I know the minister, who welcomes serious suggestions from whatever quarter they may come, will not take amiss the fact that I rise for a few minutes for the purpose only of making it clear that I still hold the same views which I expressed when we discussed this subject on November 19 last year. The views which I then expressed can be found at pages 1133 to 1135 of *Hansard* for that date. I am, therefore, not going to go into the matter at any length or indeed to repeat what I said, except to say that I support the views as then put forward by the Canadian Legion. Nothing has happened since that has in any way given me any reason to change or modify that stand.

The only point in this discussion or anything that was said on the previous occasion to which I should like to refer especially is the subject of the means test. It was one of those points which I mentioned especially on that occasion when I said words which I feel are equally applicable at this time. When referring to that means test and advocating that it should be either substantially raised or altogether abolished, I said that when it is maintained at its present level it is indicative of a mean and a narrow approach to this problem. I still feel that way, Mr. Speaker. I think that, although there have been some modifications, the legislation as presented, with respect to the means test particularly, imposed a limitation on the over-all income of this dwindling number of burnt-out veterans which still represents a mean and narrow approach to the problem. I did hope that the Minister of Veterans Affairs (Mr. Lapointe)—I know he will receive much advice from the committee on this point—would find himself able to accept at least to a large degree the feelings which have been almost unanimously expressed with respect to the raising of the level of the means test.

Apart from that, Mr. Speaker, I have nothing much to add to what I said on that occasion. I have given the minister the page reference and I am quite sure that with that consideration for the views of others which he always shows, he will be glad, realizing I am not a member of the committee and will not have an opportunity of expressing these views there, to read what was said and give that consideration to it which he always gives.

Mr. Speaker: I must inform the house that the minister is closing the debate.

Hon. Hugues Lapointe (Minister of Veterans Affairs): It is not my intention to delay the house much longer. I wish to express my appreciation to every member in this house who has taken part in this debate today. The purpose of the debate is to obtain the views of the members concerning the legislation before it is sent to the committee. I do feel however that, in fairness to myself and to the government which is bringing forward this legislation, there are some comments which I should make.

At the opening of the debate I stated that I would ask the chairman of the committee to see that an amendment was introduced to a section of the bill in order to change the

qualifying age from 65 to 60. I tried to explain then, but quite possibly I did not succeed, that my understanding, and that of my advisers who have had considerable experience in the interpretation of veterans legislation, is that the insertion of the words 65 years in this particular section would not change anything as compared to the present application of the law. I understand, however, that it might be interpreted as raising the age at which veterans could qualify for veterans allowances. Since I do not want any such interpretation to be given to this legislation, which is an endeavour to make it a more flexible instrument for veterans welfare, I had no objection at all to the changing of the age from 65 to 60. Some hon. members have seen fit to argue the bill as though this change were not to be made. They have not taken my remarks into consideration, or possibly I did not express myself clearly; otherwise, I should think that they would not have spoken as they did.

Much of the discussion which has taken place today has been on the question of ceilings on casual or intermittent earnings by the recipients of war veterans allowance. Many of the speeches this afternoon were on that particular subject. I feel that some hon. members have not fully understood the purpose and effect of the new section 4. The hon. member for Cape Breton South (Mr. Gillis) —I am sorry he is not here—said that the veterans felt that the putting into effect of the ceilings of $720 or $1,200, as they are now, is not only doing a disservice to the veteran but is causing a loss of production which would benefit the country. He went on to ask: How does the government benefit by making mandatory in the legislation that if a veteran is in receipt of the maximum amount of the war veterans allowance he must stay at home and do nothing because otherwise he will interfere with his allowance? This shows a complete misunderstanding of section 4, Mr. Speaker, as I tried to point out to him during the course of the debate. The whole purpose of that section is to permit a recipient of war veterans allowances to take employment, employment of the nature which was described by the hon. member for York West (Mr. Adamson) tonight. In fact, I think the best argument in favour of section 4 was the speech made by the hon. member for York West tonight when he described to us the situation of certain veterans who are skilled workmen. Because of ill health certain veterans are not capable of holding full-time employment; but in a period of full employment they are capable of taking a job for three or four months. Under the legislation as it stands today they would not take that employment because they would lose their war veterans allowance. That is the case at the present time. But when this new section is in the act any such veteran who is receiving war veterans allowance may take this employment and may receive this salary, whatever it may be. It may vary from a very low salary for unskilled labour to a relatively high salary for skilled labour. And when he ceases to work at this particular employment he will immediately be qualified to return to war veterans allowance and start to draw his war veterans allowance. In other words, as I mentioned when I introduced the resolution preceding this bill, the general effect of section 4 of the present bill is to take away the ceilings on earned income. I do not believe that ever before has any of our legislation gone so far forward. I know that the necessity for such legislation has been urged for some time.

Suggestions have been made that the same result would be achieved through other means in amending the act. The hon. member for Vancouver-Quadra (Mr. Green) suggested that this was new phraseology, new wording introduced in the legislation, and that it might bring about difficulties. I sometimes find that certain people would rather be wrong than be recent. I do not believe the fact that new wording or new phraseology is introduced into the act means that the principle which it carries is by any means wrong, and I do not think that my hon. friend would pretend that either. He may fear administrative difficulties. I think he mentioned that. Well, Mr. Speaker, I have the responsibility of administering this legislation as I have the responsibility of administering the department; I believe that generally speaking hon. members will agree that the officers of the Department of Veterans Affairs are competent. Most of them have been devoting many years to the cause of veterans. They have followed this legislation; they have taken part in the evolution of the legislation, and I believe they are in a position to foresee any difficulties that may arise out of the administration of the new principle.

Mr. Green: I suggested that all earnings should be exempt just as casual earnings are now.

Mr. Lapointe: Well, as I understand it, under section 4 the earnings are exempt; that is the purpose of this section, and that is what I am endeavouring to explain to the house.

I just wanted to put forward these views and these explanations, Mr. Speaker.

Mr. Knowles: Will the minister permit a question, purely for clarification? Does he

not mean that earnings are exempt from being carried over into a month in which one is on the allowance?

Mr. Lapointe: No, that is not what I mean. Possibly I could best explain it by giving a hypothetical case. Let us take the case of Private Knowles who starts drawing war veterans allowance on January 1.

Mr. Graydon: General Knowles.

Mr. Knowles: Not burnt-out, though.

Mr. Lapointe: Possibly I was unfortunate in my choice of a name, Mr. Speaker, but I said it was a hypothetical case. He starts drawing his war veterans allowance at whatever rate it may be on January 1. That is, his veterans allowance year starts on January 1. He receives an allowance of $50 for January, February, March and April. At the beginning of the month of May, being an expert gardener, he gets a job planting tulips in front of the parliament buildings, and doing other work of that sort, and carries on—

Mr. Pearkes: You plant tulips in the fall.

Mr. Lapointe: Tending the tulips would be a better term. He carries on with this work until the end of September. Whatever salary Private Knowles draws during that time does not count at all in the computation of his war veterans allowance. On September 30 the head gardener tells him that he no longer needs his services. He may immediately stop work, and start receiving his war veterans allowance in the month of October. That is my understanding. I think my hon. friend will understand that his income during his months of employment is completely exempted as regards his right to receive his war veterans allowance when unemployed.

Mr. Knowles: With respect, I believe that is what I said.

Motion agreed to, bill read the second time and referred to the special committee on veterans affairs.

CANADIAN NATIONAL RAILWAYS

PROVISION FOR CONSTRUCTION OF LINE FROM TERRACE TO KITIMAT, B.C.

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

That it is expedient to present a bill conferring authority upon the governor in council to authorize the Canadian National Railway Company to construct a line of railway from Terrace to Kitimat, in the province of British Columbia, a distance of approximately 46 miles at an estimated expenditure of $10 million and an average expenditure of $217,391.30 per mile. The bill will make provision for the issue by the company of securities, which may be guaranteed by the government in respect of the cost of construction. To enable the company to proceed with construction forthwith, temporary loans may be made to the company out of the consolidated revenue fund, upon terms and conditions prescribed by the governor in council and secured by company securities.

Mr. Green: Will the minister make a statement at this stage?

Mr. Chevrier: I was going to make it in committee.

Mr. Green: I would prefer to have it made now.

Mr. Chevrier: Mr. Speaker, this resolution seeks to authorize the Canadian National Railway Company to construct a branch line of railway between Terrace and Kitimat, in the province of British Columbia, a distance of some 46 miles. The resolution may be divided into three parts: First, that part which confers upon the Canadian National Railways the right to construct the line at a cost of $10 million; next, that part which authorizes the Canadian National Railways to issue securities guaranteed by the government in respect of the cost of construction of the line; and last, that which provides for the making of temporary loans out of the consolidated revenue fund for the purpose of meeting the cost of the line as it is being constructed.

The Aluminum Company of Canada is engaged at the moment in the development of a large-scale aluminum industry at the head of Kitimat Arm in British Columbia. The construction of the railway from Terrace to Kitimat Arm will be the means of enabling the Aluminum Company to proceed with a series of plans it has in that area. These plans I shall discuss in greater detail as I proceed.

The present plans call for initial production at the rate of 91,000 short tons of aluminum annually, and while it is impossible to forecast at the moment what production will be, the assurance is that the ultimate capacity will be in the neighbourhood of 550,000 short tons annually. The production of this aluminum, as the house knows, is dependent upon electrical energy.

The Aluminum Company has, over and above the establishment of the plant, also in mind the production of electrical energy to the extent of 1,600,000 horsepower.

The construction of the proposed branch line from Terrace to Kitimat will not only enable the company, as I said earlier, to proceed with the development of the electrical energy; it would also make possible the development of substantial timber resources

in this area. In addition, the opening up of another seaport at Kitimat will have economic significance in not only developing a seaborne trade out of Kitimat, but also in developing trade in the area. Much more tonnage will arrive by water at Kitimat than will depart from there at the outset. But as the plan which the company has in mind progresses it will, I believe, become easier to develop export trade than will exist at the outset.

The full development of the company's plans aims, first of all, at the establishment of a hydroelectric plant at the nearby coastal point of Kemano on the Gardner canal. This plant will utilize a head of 2,600 feet of water which will be diverted by a system of lakes at the head of Nechako river, which will develop the 1,600,000 horsepower referred to earlier.

Also there will be constructed a transmission line which will transmit the electrical energy from the area of the tunnel to Terrace, a distance of 55 miles. There will also be established under this plan a deep-water dock for the handling of waterborne material, equipment and supplies for the outward movement of a proportion of the finished product. And, finally, there will be set up a new townsite in conjunction with the plant, and industrial works, with schools, recreation and other facilities which should accommodate, *ab initio*, some 8,000 people.

The estimated cost of constructing a line as set out in the resolution is $10 million. This relatively high cost of construction is due to the difficult terrain over which the line will have to traverse. I have before me, and there will be available in the committee—to which I take it the bill based upon this resolution will be referred—a report prepared by the Canadian National Railways, research and development section, which will give not only a detailed analysis of the traffic which is likely to accrue out of the construction of the line, but also the financial return which should come from it.

That report will indicate that there should be an annual freight traffic accruing to the Canadian National Railways of 113,535 tons during the first five years of operation of the line, and 168,685 tons during the second five-year period. The principal sources of rail traffic, other than those derived from the Aluminum Company, would be forest products; and a minor but probably increasingly important resource would be that of fisheries.

There has also been prepared by the research section of the Canadian National Railways a statement indicating the traffic, from the point of view of revenue, that is likely to accrue during the first five years of operation of the line, and during the second five years.

During the first five years of operation it is expected that there should be a net betterment to the Canadian National Railways operations of $1,100. That is arrived at by total revenues of $1,854,800 and total expenses of $1,503,700, plus interest on the cost of construction, which would leave the $1,100 net operating result for the first five years.

The position is better for the second five years to the extent that it is expected there will be a net operating revenue of $323,000. I need not go into detail, because that can be done at a later stage.

Then, following the practice it always follows—in my experience at least—in connection with the construction of branch lines of this kind, the Canadian National Railways seek to reach agreement with the company in question. In this instance they have entered into an agreement with the Aluminum Company which guarantees a minimum volume of traffic during the first ten years of operation and provides for the allocation of a substantial amount of electrical power for general industrial purposes, and the industrial development of the area.

Under the terms of the agreement the Aluminum Company undertakes to secure to the Canadian National Railways gross system earnings in freight, passenger and express traffic during the first ten years of operation of the proposed branch line equal to the capital cost of the line, but not exceeding $10 million.

The proposed bill would authorize the Canadian National Railways to expend on the construction of this line the sum of $10 million, and would be similar to bills of this nature which have been passed previously by the house. It would provide for the granting of temporary loans to the railways and a government guarantee of securities issued by the railways for the amount of $10 million necessary for the construction. The Kitimat project of the Aluminum Company is of great importance to the economy of Canada. I need hardly say to the house that it is of great importance from the point of view of the production of more aluminium which is required urgently at this time.

I believe that it is fitting that the Canadian National Railways should be the agency to enter into an agreement with the Aluminum Company for the construction of the line. It is fitting also that the Canadian National Railways should have taken such a prominent part in the development of this natural

resource as it did in the development of the nickel deposits in the Sherridon-Lynn Lake area and as it did in the development of the timber resources in the Kiask Falls-Barraute area on the national transcontinental. This measure to authorize the building of the proposed branch line is one which I am sure will commend itself to the house.

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, the official opposition strongly favour the construction of this branch line. The minister has given the house most of the details, but I would like to point out that although the line will run about 400 miles north of Vancouver it will be south of the Canadian National Railways line which runs from Jasper to Prince Rupert. Incidentally that line was the main transcontinental line through British Columbia of the old Grand Trunk Pacific. Half of the province of British Columbia lies north of that line and practically all of that half, with the exception of the Peace river belt in British Columbia, is undeveloped. Therefore this railroad holds great possibilities for the west coast province.

Terrace is an incorporated village on this line from Jasper to Prince Rupert and is about 100 miles inland. It is situated on the Skeena river in the midst of good farming country. I take it that the proposed line is to run in a southwesterly direction from Terrace to Kitimat, which is a small Indian settlement on tidewater where there will be built an all-year port; navigation will be possible in and out of Kitimat throughout the winter months.

This line is needed because of the huge undertaking by the Aluminum Company of Canada Limited in that area. If their whole plan materializes there will be situated at Kitimat the largest aluminum smelter in the world. That may seem odd to hon. members as I must admit it did to me when I first heard of the plan. Here was this great company going into unsettled territory and proposing to establish this huge plant. However, the main reason for that is the tremendous power potential. The production of aluminum requires vast quantities of power. Materials can now be taken in by ship and when this branch line is constructed it will be possible also to bring them in by rail and of course the products of the smelter can then be transported either by ship or rail.

The project is really an amazing one. The company is building a large dam on the Nechako river about 140 miles inland from the Pacific coast. This river now drains to the east into the Fraser river which flows into the Pacific below New Westminster. They are damming that river and its tributaries and changing the whole drainage system from the east to the west; at the western end of this system they are boring a tunnel through a mountain to the Pacific coast for a distance of ten miles; this tunnel will have a diameter of 25 feet and, as the minister has said, will have a drop of about 2,600 feet.

The power plant is not to be located out in the open, but is to be inside this mountain in the Kemano district in an excavated cavern 1,400 feet underground; the power plant site will be 1,000 feet long, 80 feet wide and 100 feet high. Those are the dimensions of the cavern which is to be tunnelled out of the mountain and in which this power plant will be installed. That of course will protect the plant against atomic bombs and landslides and apparently will help in the production of the power.

From that power plant transmission lines will run, not to Terrace as the minister said, but about 50 miles over the mountains to Kitimat which is to be the site of the smelter and the terminus of this branch line. That transmission line goes over territory so rough that in spots the materials needed to be taken in by helicopter.

As I say, the smelter is to be located at Kitimat. The first stage of this development at Kitimat is to be completed in the spring of 1954 and it is hoped to produce at that time 83,000 metric tons of aluminum annually. According to the literature of the Alcan people there will be a town there then of from 6,000 to 7,000 people, of whom about 1,100 will be production workers. The cost of that first stage will be about $160 million and I believe the horsepower to be produced is roughly 420,000. Incidentally they are not going to bring bauxite, the raw material for aluminum, to Kitimat; I understand the plan is to process the bauxite partially in the Caribbean and bring to Kitimat a product known as alumina.

World markets for aluminum are steadily expanding and it is hoped by the company that because of those expanding markets and the establishment of other industries at Kitimat it will be possible shortly to go ahead with the whole plan. If that is done there will be eventually a production of over 500,000 metric tons of aluminum annually and the population of Kitimat will be about 50,000. It is expected the total cost will be over $500 million, or half a billion dollars, and the power developed will total 1,600,000 horsepower. That means doubling the Canadian production of aluminum. As I said before, it means the largest aluminum smelter in the world; half as large again as the aluminum smelter at Arvida in the province of Quebec where, incidentally, I believe only 1,200,000 horsepower are produced.

For British Columbia and Canada this is a most promising development. It will mean a great deal for Terrace and the vicinity. Farmers there will have a market for their crops. There is also good farming land to the east along the main line in the north of Canadian National Railways. It will mean jobs for the people who are already in that central portion of British Columbia. It will mean a great increase in population in all the centres along the line from Prince George right through to Prince Rupert.

I believe this Alcan plan will develop the whole of central British Columbia and should greatly hasten the construction of a railway outlet from the Peace river to the Pacific. It will also help to open that portion of British Columbia lying north of the line from Jasper to Prince Rupert.

It can very well be compared with the developments that are taking place in other parts of Canada. In Quebec we have a railway line being constructed into the region of the iron ore deposits, a line running over 300 miles from Sept Iles right up to the border of Labrador. Last year we approved the construction in Manitoba by the Canadian National Railways of a new line from Sherridon to Lynn Lake, a distance of about 155 miles. In northern Saskatchewan there is the development of the uranium mines, and the northern part of Alberta of course is a hive of activity. In the Mackenzie district there are also great developments taking place. All these northern developments are significant and I believe they are of the utmost importance. I think the future of Canada depends largely on expansion of her activities northward.

With regard to this proposal, in so far as Canadian National Railways is concerned the minister intimated that the railway is to be asked to pay the whole cost of $10 million. That seems to be a different course from that followed last year with respect to the construction of the railway line from Sherridon to Lynn Lake. In that case the Department of Defence Production undertook to pay $4,725,000, practically one-third of the cost. The railway was not charged with that much of the cost. The reason given was that the opening of the line was partially for defence purposes; that it would mean the production of nickel, copper and other metals useful for defence preparation.

Here we have a branch line being constructed which will aid in the production of aluminum, and I do not understand why help should not be extended to this line by the Department of Defence Production in the same way that help was given to the Lynn Lake line. If my suggestion were carried out the cost to the railway would be that much less. Canadian National Railways would have that much more opportunity to make the line pay. When the minister closes the debate, or in the discussion of the resolution in committee, I hope that he will explain why a different course is being followed in this case.

In the construction of the Lynn Lake line the mining company concerned, Sherritt Gordon Mines Limited, undertook to pay $5 million which was a little over one-third of the cost, the other $5 million being provided by Canadian National Railways. There is no mention here of the Aluminum Company having to pay any portion of the cost although they will get most of the benefit from the branch line. It is true that in the case of the Lynn Lake line there was a provision for repayment if the tonnage carried on the line exceeded a certain figure. However, the minister has intimated that the only agreement made in the case of the Terrace-Kitimat branch line is that the company will guarantee a minimum amount of traffic for the next ten years, and will guarantee to supply a certain quantity of electric power to Canadian National Railways. I believe he did not indicate how much power was to be supplied. In the case of the Lynn Lake line the agreement also covered freight rates. There was provision for the freight rates that were to be paid on the line. We would like to know whether there is any similar provision in the case of the Terrace-Kitimat branch line.

I mentioned earlier in my remarks that it was hoped that other industries would be established at Kitimat. We are getting encouraging news in this regard every day. For example, since my return from the coast after the Easter recess press dispatches have indicated that there is reasonable expectation of a great pulp and paper plant being erected there by the Powell River Company, one of our timber companies, which is planning to act in co-operation with the Aluminum Company. There has also been an announcement that the Canadian Liquid Air Company will establish a plant at Kitimat where they will produce some of the products required by the Aluminum Company. We hope these are only the forerunners of many other industries that will come to the Kitimat district because of the immense production of power.

The official opposition agree that the bill should be sent to a committee. We suggest the standing committee on railways, canals and telegraph lines where it will be possible to hear evidence from the officials of Canadian National Railways and possibly also from the Aluminum Company of Canada

Limited. The committee of course will have charge of the conduct of its own meetings, but we hope it will be possible to get the full story of the branch line and the developments that are to take place in the Kitimat area.

Mr. E. T. Applewhaite (Skeena): Mr. Speaker, as the representative in this house of the area where the whole Alcan development project, including the proposed railway line, is located, it would be impossible for me to let this resolution pass without saying a few words on it. Naturally the first words I say in this connection, on my own behalf and on behalf of the people of the Skeena district whom I represent here, should express our appreciation to the management of the Canadian National Railways, to the Minister of Transport (Mr. Chevrier) and to the government for the prompt action they are taking to assure adequate transportation facilities in that area at the earliest possible moment, and as soon as they will be needed by the large development which is taking place.

In that connection I would like to invite the Minister of Transport—and again I am sure I am speaking on behalf of those I represent—to come out to that area and be there when this railway is started. I would suggest also that he return to be there when the line is officially opened. In both cases I am sure his presence would be welcome; and if he wished to make it even more enjoyable for us he might bring along his parliamentary assistant as well.

I do not want to let this occasion pass without expressing one other word of approval and commendation which I feel is due. I would like in this house to express the very great debt of gratitude owed not only by the people of Skeena, not only by the people of British Columbia but by the whole of Canada to Hon. E. T. Kenney, minister of lands and forests of British Columbia, for his many years of effort which have culminated in the introduction of a bill to build a railway from Terrace to Kitimat. This railway line is just a symbol of the tremendous development going on in that area at the present time, a development so great I noticed it was mentioned in the British House of Commons no later than the 21st of last month.

I am one of those, Mr. Speaker, who have been guilty—if "guilty" is the word—from time to time of asking for subsidies and artificial aids to be contributed by governments toward the promotion of some industrial developments. This particular development is based on nothing of that sort. It is a sound business proposition following sound business lines, because the resources of power are there. It will be able to carry itself, and in so doing it will be part of the development of a very large, practically new area of this dominion. It is such a large development that its beneficial effects will be felt far and wide. Our suburbs as far south as and including Vancouver will gain some benefits from this development. It is a fact that in such areas as Vancouver—and Vancouver is not alone; this is also true in cities like Toronto, Montreal and other large places—you always find people expressing surprise that there should be a major development somewhere else. I do not think there is any call for any Canadian city to express surprise that major development is taking place in what they very often picturesquely call the hinterland, because it was on the hinterland that all these cities were built.

Turning to the line itself, I understand from the minister it is expected that this railway will be completed in the fall of 1954. It is expected by the Aluminum Company of Canada that their smelter will be in the initial stages of production at the same time. I mention that fact for a reason. I have heard the criticism, not in this house or in these buildings but in other parts of the country, that this line was being built in order to enable the company to take in materials for the construction of their smelter and townsite, and that from then on the line would be a dead issue. I point out that the line will not be completed until at least the first stage of smelter construction has been completed. Therefore the purpose of the line obviously is to serve an operating smelter, not to make it possible to build one.

The development of which this is only a part has its lessons which we have to learn. It has a very definite lesson, I respectfully submit, for the government of the Dominion of Canada. They are not only going to have to provide that area with a railway line, through the agency of the Canadian National Railways; it is going to be absolutely essential that the other services provided by the dominion government be brought up to the same standard of development which the Canadian National is now proposing to introduce. Increased population of course will result from this area of industrial development; but I might mention that a great increase has already taken place in the population of that area. Little communities which 18 months ago could number their population by the dozen, or in some cases by the hundred, are now numbering their population by the hundreds and thousands. When I first saw the town of Terrace some 13 years

ago it would have had a hard time to count a total population of 700. Today its population undoubtedly will be over 3,000 and in another 18 months over 5,000. Terrace is just one example. The population which is moving into that area will have to be given all those services for which this government and this parliament assume responsibility.

I think it would be only fair to say that this part of British Columbia is going through a period of expansion which will last about five years. During that period it will make the same gain in population and industrial activity that the extreme southeastern part of British Columbia made in forty years. The development based on the Kimberley mine and the Trail smelter, so well known to the members for Kootenay East and Kootenay West, is roughly the same size and importance as this development will be. I know that country. It took it from 1913 to the present time to build up to the extent it has. We are going to go through the same development in a period of five years, and we are certainly going to suffer some growing pains in doing so.

This line will run from Terrace to Kitimat. At Terrace we have a municipality which will shortly be a flourishing city. Eighteen months ago the population of Kitimat was 42, including Indians. Within the foreseeable future, say within three to five years, we will have a city comparable to Arvida. The development which will take place at Kitimat is primarily, as we all know, in connection with an aluminum smelter. But this railway line we are now asking the Canadian National Railways to build is not a one industry affair. It is not being built to serve only one company. According to its own figures the company proposes to eventually develop over 1,500,000 horsepower. It proposes to develop immediately 450,000 horsepower, and to use immediately 300,000 horsepower. So 150,000 horsepower of electrical energy will be immediately available. As their electrical production increases it is to be expected that further surplus electricity will be available for sale to other industries. We know of several who are now planning to go in there. So I would not like the impression to get out that this railway is being built solely for one company.

There are those in the country—I am not referring to anyone in this house—who take every possible opportunity to criticize anything in the nature of improvement or expansion of Canadian industry. They will raise the claim that Canada is building a railway for one private company, but that is not the case. I have no intention of talking out a measure in which I have such an interest.

I shall close by saying this. It would be surprising if the member who represented the district in which such a tremendous development was taking place did not take a tremendous pride in what is going on in his own constituency. I should like to say further that I take great pride in the knowledge that this tremendous development, which will be of such great value to Canada, was engendered and brought to fulfilment in an industrial and economic climate fostered by a Liberal government.

Mr. E. D. Fulton (Kamloops): So that this resolution will pass, I will not keep the house beyond eleven o'clock. I should like to add my voice, however, as another member from British Columbia, to most of what has been said by the member for Skeena (Mr. Applewhaite). I should like particularly to express the pleasure which all of us from that province feel in the development which is now taking place in an area which suffers so much from climatic and other conditions. These disadvantages are now, to a large extent, going to be compensated by this tremendous industrial development, and thus people will overcome their otherwise natural disinclination to visit that area.

In a serious vein, Mr. Speaker, it is a matter of pleasure, particularly to any member from any part of British Columbia, to see the development which is going on in that province, and which has been fostered and is taking place in an atmosphere which is probably unique in the history of this country. One has only to recall the fact that our province has increased in population by fifty per cent or more in the last ten years to realize what is going on out there. It is true that as yet we do not match the pace of the industrial development of Ontario, although in proportion we come very close to it. I think it is correct to say that we match, proportionately, the pace of the development in Quebec.

A list of the projects which are now on the map for British Columbia, starting if you like at the project of Alcan; the project of Kitimat; followed by the prospect of increased and expanded oil refinery capacity; followed by prospects of a tremendous increase in all sorts of natural energy which will flow from the introduction into British Columbia of natural gas from the Peace river district from both Alberta and our own province; accompanied at the same time by tremendous developments in the pulp and paper industry, which both accompany and are assisted by the possibilities of the chemical industry which flow also from the introduction of

natural gas; all those things, Mr. Speaker, indicate that if the twentieth century belongs to Canada, certainly the second half of the twentieth century belongs to British Columbia. There was one thing particularly which the member for Skeena said which impressed me, and which I think will be obvious to all members. It was that these tremendous industrial developments, accompanied as they are by an increase in population, make increased demands upon the services provided by government as well as those provided by private industry.

I regret to say that there are not many minutes left in which to lay before the house some of the ideas with which I wanted to deal in that connection.

Mr. Chevrier: On the bill.

Mr. Fulton: As the minister points out, some of them may be said on the bill, although remarks are more closely confined when we are discussing a bill. The salient thought which to my mind emerges from the discussion of a project of this type is that, in view of the tremendous commitments which this country has undertaken with respect to social security programs and the current defence effort, we must not lose sight of the fact that in allocating public moneys to various types of expenditures none is more important than those types which will produce a return, and which will contribute to the development of our resources as well as to the industrial and economic development of this country. I believe that unless we concentrate to an even greater degree than we have in the past on that type of activity which will develop real wealth for Canada, we may some day find ourselves in difficulty and in danger of not being able to meet the other sort of non-productive commitment.

I am pleased, therefore, at this time to add my support, as I am sure other members in British Columbia do and probably other members from all parts of Canada do—the turn of the maritimes will come eventually—

Mr. Nowlan: If it had not been for the maritimes, there would be no British Columbia.

Mr. Fulton: At this late stage, I am not going to be drawn into a controversy of that sort. We are in full support of the project which the minister has laid before us tonight.

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

Mr. Herridge: Mr. Chairman, it is now eleven o'clock. I had intended to say a few words on the resolution, but because of the lateness of the hour I shall reserve that for second reading of the bill.

Mr. Green: Mr. Chairman, I think we had better rise and report progress.

Mr. Chevrier: May I suggest to the hon. member that he has asked two questions with which I could deal when the bill is before the house. The bill is ready and can be distributed early in the morning. If that happens, it might go to the committee some time this week. I hope to get the resolution through, because it is certainly unanimous if one can judge from the discussion that has taken place.

Resolution reported, read the second time and concurred in.

Mr. Chevrier thereupon moved for leave to introduce Bill No. 192, respecting the contruction of a line of railway by Canadian National Railway Company from Terrace to Kitimat, in the province of British Columbia.

Motion agreed to and bill read the first time.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Mr. Speaker, there are two government notices of motion on the order paper, one in the name of the Secretary of State for External Affairs and the other in the name of the Minister of Justice. I was told by the Minister of Justice and the assistant to the Secretary of State for External Affairs, that it was agreed those motions would be referred to the standing committee on external affairs without debate, and that the debates would take place after they are reported from the committee. If that is the understanding with the representatives of the opposition parties, the motions for reference will be moved. If not we will proceed with Bill No. 191, to amend the Civilian War Pensions and Allowances Act, Bill No. 192, respecting the construction of a line of railway by the Canadian National Railway Company from Terrace to Kitimat, in the province of British Columbia; then the two resolutions in the name of the Minister of Transport, one respecting the New Westminster harbour commissioners and the other to amend the Aeronautics Act; also Bill No. 9, respecting the appointment of auditors for national railways. If we have time left we will take up the resolution in the name of the Minister of Labour, which is No. 6 on today's order paper.

Mr. Green: We have not yet had the Kitimat railway bill. We will have the bill?

Mr. Fournier (Hull): It will be distributed the first thing in the morning.

Mr. Green: We cannot consider it tomorrow unless it is distributed.

Mr. Fournier (Hull): I am told the bill will be distributed the first thing in the

morning. We attended to that this afternoon, and I am told you will have it in the morning.

Mr. Green: I would make that reservation. We must have a reasonable opportunity to study the bill.

Mr. Fournier (Hull): Oh, yes.

Mr. Green: This resolution has been sitting on the order paper for some weeks, and there is no cause for rushing it through without our having an opportunity to study the bill.

Mr. Fournier (Hull): Oh, yes; it is understood that you will have an opportunity to study and discuss it.

Mr. Macdonnell (Greenwood): What is a reasonable opportunity?

Mr. Fournier (Hull): It will not lie on the order paper a long time if the debate is not too long.

Mr. Graydon: Is it the government's intention to move to go into supply any time this week?

Mr. Fournier (Hull): No; the only day we could move to go into supply would be tomorrow, and we are taking up this legislation. On Thursday and Friday we will proceed with the budget resolutions.

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

HOUSE OF COMMONS

Wednesday, May 7, 1952

The house met at three o'clock.

ORDERS IN COUNCIL

SUMMARY FOR PERIOD APRIL 1 TO APRIL 30, 1952

Right Hon. L. S. St. Laurent (Prime Minister): I should like to lay on the table a summary of orders in council passed during the period April 1 to April 30, 1952. The last such summary for the period March 1 to March 31 was tabled on April 7.

Mr. J. G. Diefenbaker (Lake Centre): I had a question on the order paper, which was answered during my absence by the Prime Minister, in regard to whether or not there were any orders in council concerning which there is no statutory provision that they must be published or tabled. Have there been any in that category, in addition to those the Prime Minister has tabled from time to time?

Mr. St. Laurent: There are orders in council awarding contracts, and they are not published. They are administrative acts. After tenders have been called the tenders come before a committee of council, and an order in council is made awarding the contract to the lowest tenderer. But there is no distinction between orders in council concerning trade and commerce and those concerning defence production, and orders in council that come from other departments.

KOREA

RESULTS OF NEGOTIATIONS BETWEEN UNITED NATIONS AND COMMUNIST REPRESENTATIVES

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, I should like at this time to make a short statement on armistice negotiations in Korea. Members of the house will have seen that the communist negotiators at Panmunjom have turned down the proposal of General Ridgway, the United Nations commander in Korea, to solve the outstanding points of dispute in the Korean armistice negotiations. The proposal was, first, to exchange approximately 70,000 Korean and Chinese prisoners for the 12,000 Korean and United Nations personnel whom the communists state they are now holding as prisoners; secondly, to accept communist nominations of Poland and Czechoslovakia for membership on the neutral nations supervisory commission in exchange for communist acceptance of the United Nations nominations of Sweden and Switzerland, and thirdly, to omit from the provisions of the armistice any reference to the reconstruction and rehabilitation of airfields. This offer was put forward as representing the utmost limits to which the United Nations command could go in making concessions and was intended to be considered as a whole rather than to be the subject of piecemeal bargaining.

Careful and individual examination of the approximately 132,000 prisoners held by the United Nations command has revealed that about 70,000 would accept repatriation. Sixty-two thousand have indicated that they would forcibly resist any United Nations effort to repatriate them.

I am sure hon. members will agree with me when I say that in the circumstances it is unthinkable that the United Nations forces in Korea should undertake the invidious task of forcing these men to return to communist rule. The United Nations command can obviously make no concession on this point other than to allow the communists to have the 62,000 men interviewed either by a neutral body or by joint Red Cross teams from both sides in order to satisfy themselves that these individuals have made their decisions of their own free will and not under compulsion. This the United Nations command has offered to allow, and in doing so has given a convincing demonstration of its good faith in the matter.

In nominating Sweden and Switzerland and accepting the communist nominations of Poland and Czechoslovakia for the neutral nations supervisory commission, the United Nations command has been scrupulously fair to the communists. What the United Nations command would not do was to accept the communist nomination of the Soviet union itself to a body which is described as the neutral nations supervisory commission.

The United Nations command has also agreed that the armistice provisions will not make any reference to the reconstruction or rehabilitation of airfields but this was done only after considerable heart-searching. I think so important a concession is another proof-positive of the genuineness of the desire for an armistice on the United Nations side.

I am sure that all members of this house will regret profoundly the communist refusal

of this offer that could have brought an end to the fighting in Korea on terms that would have been fair and would not have betrayed the principles of the United Nations charter which governed the original intervention. We must hope that the communists may even now reconsider their refusal. We must also hope that, notwithstanding this refusal, there will be no need for a resumption of full-scale hostilities. If such resumption should take place, with all its unforeseen consequences, the communists would have to accept full responsibility.

Mr. Graydon: May I ask the minister two questions arising out of this statement? First, does it mean that the present negotiations are definitely broken off for the time being? Second, out of the 62,000 prisoners who have indicated that they do not want to go back behind the iron curtain, how many are Chinese and how many are North Koreans?

Mr. Pearson: In answer to the first question of my hon. friend, as I understand it no action has been taken on the United Nations part to break off negotiations notwithstanding the refusal of the communists to accept this offer. I am sure we all hope that no such action will be taken or will be required.

In answer to the second question, I have not the figures at my command at the moment but I believe—this is subject to correction—that the great majority of the 62,000 are North Koreans.

Mr. Graydon: That would seem to indicate that the iron curtain countries are not the paradise that some people here and elsewhere would have us believe.

Mr. Pearson: It is rather convincing evidence.

QUESTIONS

FUEL OIL AND GASOLINE PRICES, BRANDON, WINNIPEG AND REGINA

Mr. Dinsdale:

1. What is the price of fuel oil and gasoline in Brandon, Winnipeg and Regina?
2. Is there any discrepancy in price of these products as between these cities?
3. If so, for what reason?

Mr. Howe:

1. Retail prices per gallon, April 1, 1952:

	Gasoline		Fuel oil
	Grade 1	Grade 2	
	$	$	$
Winnipeg	.407	.384	.171
Regina	.393	.376	.151
Brandon	(1)	(1)	(1)

(1) Not available.

2. See answer to No. 1.

3. As far as is known, price differences between cities are normal market differences.

UNEMPLOYMENT INSURANCE—PROFESSIONAL GROUPS

Mr. Murray (Oxford):

1. How many registered pharmacists in the province of Ontario have received benefits under the Unemployment Insurance Act, during the years (a) 1949; (b) 1950; (c) 1951?
2. How much money was paid out in benefits to registered pharmacists in the province of Ontario during the years 1949, 1950, 1951?
3. What professional groups other than registered pharmacists pay into unemployment insurance in the province of Ontario?

Mr. Cote (Verdun-La Salle):

1. The unemployment insurance commission does not make an analysis of the occupational characteristics of applicants for unemployment insurance benefits.

2. See answer to No. 1.

3. All members of professional groups employed under a contract of service, excepting (a) those in receipt of more than $4,800 a year; (b) private duty nurses; (c) teachers; (d) those employed by hospitals (not operated for gain) or by charitable organizations, or in agriculture, horticulture, forestry, fishing, and hunting and trapping; (e) those employed by municipal and federal governments and certified by those governments as permanent employees; (f) those employed by the provincial government of Ontario whom the province has not insured (provincial concurrence is required); (g) members of the armed forces, Royal Canadian Mounted Police, or any other police force.

NATIONAL ADVISORY COUNCIL ON MANPOWER

Mr. Thatcher:

1. How many times has the national advisory council on manpower met since its inception?
2. What has been the total cost of the council to date?

Mr. Cote (Verdun-La Salle):

1. The national advisory council on manpower has met four times since its inception.

2. $5,687.72.

GIFTS OF FLOUR TO GREECE

Mr. Riley:

1. Has the Canadian government, either alone or jointly with the Canadian Red Cross Society, made any recent gifts of flour to the people of Greece?
2. If so, was such a gift shipment of flour sent to Greece aboard a ship called *Ocean Navigator*, on or about the eighth day of April, 1952?
3. Was it shipped through the port of Portland in the state of Maine?

Mr. Lesage:

1. Yes. The government made a gift of 500,000 bushels of wheat to the Canadian Red

Cross Society as a contribution to famine relief in Greece. The Canadian Red Cross Society arranged for the milling of the wheat in Canada and the transportation of the flour to an ocean port. The Greek war relief fund of Canada arranged through the Greek War Relief Association Inc., U.S.A., to have carriage charges from a United States port to Greek ports defrayed by the government of the United States under the Mutual Security Act.

2. 203,250 bags of the gift flour were carried aboard the *Ocean Navigator* which sailed on April 11, 1952. The remainder of the shipment, 3,059 bags, were loaded on the *Lindenwood Victory* which is reported to have sailed on April 19.

3. The *Ocean Navigator* sailed from Portland, Maine and the *Lindenwood Victory* from the port of New York.

QUESTIONS PASSED AS ORDERS FOR RETURNS

WHEAT—CROP YEAR 1950-51

Mr. Fair:

1. During the crop year 1950-51, what quantity of the following grades of wheat were purchased by each elevator company: No. 1 Northern, No. 2 Northern, No. 3 Northern, No. 4 Northern, No. 5, No. 6 feed; No. 1 Northern tough, No. 2 Northern tough, No. 3 Northern tough, No. 4 Northern tough, No. 5 tough, No. 6 tough, feed tough; No. 1 Northern damp, No. 2 Northern damp, No. 3 Northern damp, No. 4 Northern damp, No. 5 damp, No. 6 damp, feed damp?

2. What quantity of each of the above grades was in possession of each company concerned at August 1, 1950?

3. What quantity of each of the above grades was sold and delivered by each company, during the crop year 1950-51?

4. What quantity of each grade remained in the elevators or in possession of each company at the 31st July, 1951?

Mr. Howe: Return tabled.

CAMPBELLTON, N.B.-CROSS POINT, QUE., FERRY

Mr. Dube:

1. Was a contract awarded for the operation of a ferry between Campbellton, New Brunswick and Cross Point, Quebec?

2. If so (a) on what date; (b) to whom; (c) how many tenders were received and from whom; (d) what were the specifications of the ferry boat; (e) what is type of construction; (f) what are the rates and schedule; (g) what is the amount of subsidy; (h) on whose recommendation was the contract awarded?

3. Is wharf construction or dredging necessary with the type of ferry specified in contract?

4. If so, what is the estimated cost in this connection?

5. Was a recommendation made to the cabinet regarding the awarding of this contract? If so, by whom?

6. At what date does contract call for ferry to be in operation?

LEGAL SERVICES—MANITOBA LAWYERS

Mr. Bryce:

1. What moneys have Manitoba lawyers received from the dominion government for legal fees, expenses, etc., during the years 1946, 1947, 1948, 1949, 1950 and 1951?

2. What are the names of the lawyers and the amounts received?

FOREIGN EXCHANGE CONTROL BOARD EMPLOYEES

Mr. Thatcher:

1. How many employees were working for the foreign exchange control board as at June 30, 1951?

2. On what date was the board discontinued?

3. How many employees were dismissed when the board discontinued operations?

4. How many were absorbed into other departments, and of these, what are their names, salaries, and present occupations?

GOVERNMENT PURCHASES OF OVERALLS

Mr Fraser:

1. How many pairs of overalls were bought by the different departments of the government or agencies of the government during the years (a) 1950; (b) 1951; (c) the first four months of 1952?

2. From what firms or individuals were these overalls bought?

3. What quantity was bought from each firm or individual?

4. What was the cost of overalls purchased from each firm or individual?

RADIO STATION CJNT

Mr. Viau:

1. Is there a radio station CJNT in the city of Quebec?

2. If so, is it privately owned or affiliated with the C.B.C.?

3. What are the names of its directors?

4. If affiliated with the C.B.C., under what class?

5. Was it added to any network of the C.B.C. for commercial programs in 1950 and 1951 upon request of any sponsor?

6. If so, how much did it receive from the C.B.C. in 1950 and 1951 for commercial network service on the basis of a network card rate?

7. What other revenue did it receive from the C.B.C. in 1950 and 1951?

MOTIONS FOR PAPERS

MOUNTED POLICE—DISMISSAL OF F. D. MILLER

Mr. Diefenbaker:

For a copy of all the evidence taken on an investigation on alleged misconduct of F. D. Miller of Edmonton, Alberta, formerly of the Royal Canadian Mounted Police, and a copy of all correspondence since the 1st of September, 1950, to date, that passed between the department and the said Miller and counsel on his behalf, asking for rehearing and readjudication.

Mr. Garson: Mr. Speaker, there is a precedent for the refusal to produce evidence such as that covered by the motion of my hon. friend. This is reported on page 1669, volume II, of *Hansard* of the session 1939.

There is no precedent for the production of such evidence. It is not in the public interest to establish such a precedent by tabling a copy of the evidence as requested by the hon. member.

The right of the commissioner, acting under the authority given to him by the act and under the general supervision of the minister, to engage and discharge personnel at his discretion has over the years proved to be one of the principal factors in maintaining a high level of discipline and efficiency within the Royal Canadian Mounted Police. Any suggestion that that authority may be questioned would weaken the whole fabric of discipline and control. Likewise, to set a precedent which would allow the examination in a public way of the proceedings of the trial of disciplinary offences would be detrimental to the best interests of the force and the general membership of the force.

Most members of the force are frequent witnesses in criminal cases, as well as being required to make arrests and to exercise such other authority as is given to them by law. To publish infractions of discipline, most of which are of a technical or service nature, would affect adversely the position of the member as a peace officer and leave him open to innuendos and attacks which are out of all proportion to the offence for which he may have at one time been found guilty and punished.

The strict, even severe, standards of discipline insisted upon by the force are well known and are accepted by recruits when they are engaged as well as by older members each time they re-engage. The reputation the force enjoys and is striving successfully to maintain in the face of recent substantial expansion is based very largely on adherence to these standards.

Mr. Diefenbaker: Mr. Speaker, may I add a word to what the minister has said? Certainly no one would want to prejudice the discipline of the force; on the other hand, as I see it, precedent must give way to the possibility of injustice. Above everything else, in the preservation of the liberty of the subject it should never be possible for officers to place themselves in a position where injustice may be done to an individual.

Your Honour is aware of the famous English case of Archer-Shee. In that instance the navy department took a similar stand, and it was many years before Sir Edward Carson was able to secure justice for that man. In order to secure justice this man is prepared to allow the record to be produced regardless of any innuendo that it may contain, and if the minister will not alter his stand and allow the matter to be reconsidered, I must ask for a vote of the house. If a department of the government can deny a review by parliament to an individual who says that there has been gross injustice, then a serious situation is indicated.

Mr. Garson: Before any vote is taken I should like to cover one of the points raised by my hon. friend. He rather left the implication that if these documents were not produced an injustice would be done to the gentleman named in his motion. I might say for the information of the house that in this particular case there was a charge preferred against the member of the force under the act and he was convicted.

Mr. Diefenbaker: Before a member of the force.

Mr. Garson: Yes. The act provides that, where a member of the force has been guilty of misconduct as a member of the force, a superior officer has the authority to try any charge of that kind. In this case the charge was tried and the member involved was convicted. He appealed to the commissioner of the force, and his appeal was disallowed, but the penalty was reduced. Exercising his discretion the commissioner then dismissed the member from the force, following which representations were made to the minister for reinstatement. The record was examined by the minister—myself—in the exercise of his general supervisory powers with respect to the management of the force. The minister supported the commissioner's decision, and communicated that fact to counsel for the member who had been dismissed.

Mr. Diefenbaker: Mr. Dyde of Edmonton.

Mr. Garson: That is right, Mr. Dyde of the Milner, Steer firm of Edmonton.

Mr. Coldwell: Since a vote is to be taken on this motion, may I say a word? You have allowed a discussion, Mr. Speaker.

Mr. Speaker: I hope the hon. member's remarks will be brief, because the motion is not debatable.

Mr. Coldwell: I shall only be a minute. I believe we are getting to the point in the House of Commons where the liberty of the subject is endangered because of these secret reports and documents. I am going to support the hon. member for Lake Centre because of my feeling that information the house should have to protect the liberty of the subject is being denied in this particular instance and has been at other times.

The house divided on the motion (Mr. Diefenbaker) which was negatived on the following division:

YEAS

Messrs:

Adamson	Hodgson
Argue	Johnston
Balcer	Jones
Beyerstein	Knight
Black (Cumberland)	Knowles
Blackmore	Lennard
Blair	Low
Brooks	Macdonnell (Greenwood)
Browne (St. John's West)	MacLean (Queens)
Bryce	McGregor
Cardiff	McLure
Casselman	Meeker
Catherwood	Noseworthy
Churchill	Nowlan
Coldwell	Pearkes
Diefenbaker	Poulin
Dinsdale	Quelch
Fair	Ross (Souris)
Fairclough, Mrs.	Shaw
Fraser	Stewart (Winnipeg North)
Fulton	Thatcher
Gillis	Tustin
Graydon	White (Hastings-Peterborough)
Green	Wright
Harkness	Wylie—52.
Hees	
Herridge	

NAYS

Messrs:

Abbott	Darroch
Anderson	Dechene
Applewhaite	Decore
Arsenault	Dewar
Ashbourne	Dickey
Balcom	Dube
Bater	Eudes
Beaudoin	Ferrie
Benidickson	Fournier (Hull)
Bennett	Fournier (Maisonneuve-Rosemont)
Black (Chateauguay-Huntingdon-Laprairie)	Gardiner
Blanchette	Garland
Blue	Garson
Boisvert	Gauthier (Lake St. John)
Boivin	Gauthier (Lapointe)
Bonnier	Gauthier (Sudbury)
Boucher	George
Bradette	Gibson
Bradley	Gingras
Breton	Goode
Brown (Essex West)	Gour (Russell)
Bruneau	Gourd (Chapleau)
Byrne	Gregg
Cameron	Harris (Grey-Bruce)
Cannon	Harrison
Carter	Healy
Cauchon	Hellyer
Cavers	Helme
Chevrier	Henry
Clark	Hetland
Claxton	Hosking
Cleaver	Howe
Cloutier	Huffman
Conacher	Hunter
Corry	Jeffery
Cote (St. Jean-Iberville-Napierville)	Jutras
Cote (Verdun-La Salle)	Kent
Cournoyer	Kickham
Croll	Kirk (Antigonish-Guysborough)
Cruickshank	Kirk (Digby-Yarmouth)
Lafontaine	Nixon
Laing	Parent
Langlois (Berthier-Maskinonge)	Pearson
Langlois (Gaspe)	Picard
Lapointe	Pouliot
Larson	Power
Leduc	Prudham
Leger	Ratelle
Lesage	Richard (St. Maurice-Lafleche)
Macdonald (Edmonton East)	Riley
MacDougall	Roberge
MacKenzie	Robinson
MacLean (Cape Breton North and Victoria)	Rochefort
MacNaught	Rooney
Macnaughton	Rousseau
McCann	St. Laurent
McCulloch	Sinclair
McCusker	Sinnott
McDonald (Parry Sound-Muskoka)	Smith (Moose Mountain)
McIvor	Smith (York North)
McLean (Huron-Perth)	Stewart (Yorkton)
McWilliam	Stick
Major	Stuart (Charlotte)
Maltais	Valois
Martin	Viau
Masse	Ward
Monette	Warren
Mott	Weaver
Murray (Cariboo)	Weir
Murray (Oxford)	Welbourn
Mutch	Whiteside
Nadon	Whitman
	Winkler
	Winters
	Wood—147.

HALIFAX, N.S., CUSTOMS BUILDING—REFACING

Mr. Diefenbaker:

For a copy of all letters and correspondence since the first day of July, 1951, together with any reports or contractors' recommendations, in connection with the refacing of the customs building at Halifax, Nova Scotia.

Mr. Fournier (Hull): So there will be no misunderstanding between the hon. member and myself I wish to state that I have no objection to producing the documents on this file, with the following reservation: if there are any privileged or confidential letters, reports or recommendations, they will not be produced. That may avoid further discussion.

Mr. Speaker: Carried.

GENOCIDE

APPROVAL OF CONVENTION SIGNED BY CANADA ON NOVEMBER 28, 1949—REFERENCE TO EXTERNAL AFFAIRS COMMITTEE

Hon. L. B. Pearson (Secretary of State for External Affairs) moved:

That it is expedient that the houses of parliament approve the ratification by Canada of the convention on the prevention and punishment of the crime of genocide as signed by Canada on November 28, 1949, and that this house do approve the same.

He said: Mr. Speaker, I would move, with the consent of the house, that this resolution be referred to the standing committee on external affairs.

Mr. Speaker: Does the house unanimously approve of this resolution being referred to the standing committee on external affairs?

Some hon. Members: Agreed.

Motion agreed to.

EXTRADITION

SUPPLEMENTARY CONVENTION BETWEEN UNITED STATES AND CANADA—REFERENCE TO EXTERNAL AFFAIRS COMMITTEE

Hon. Stuart S. Garson (Minister of Justice) moved:

That it is expedient that the houses of parliament do approve the supplementary extradition convention between the United States of America and Canada, signed at Ottawa on October 26, 1951, amending the supplementary extradition convention between the United States of America and Her Britannic Majesty, signed at Washington on December 13, 1900, and that this house do approve the same.

He said: I beg leave, with the consent of the house, to move that this resolution be referred to the standing committee on external affairs.

Mr. Speaker: Does the house agree that this resolution be referred to the standing committee on external affairs? It must be agreed unanimously.

Some hon. Members: Agreed.

Motion agreed to.

NATIONAL DEFENCE

INQUIRY AS TO LOSSES AT GORDON HEAD CAMP

On the orders of the day:

Mr. O. L. Jones (Yale): I would like to direct a question to the Minister of National Defence, of which I have given notice. In view of newspaper reports indicating the disappearance of public property from Gordon Head army camp, near Victoria, British Columbia, will the minister inform the house what steps, if any, have been taken to investigate this situation and apprehend the guilty parties?

Hon. Brooke Claxton (Minister of National Defence): Mr. Speaker, this morning I received a report that a regular inspection of the ordnance stores at Gordon Head disclosed a shortage of something under $5,000 in extent over the period from January, 1951, to March, 1952. Because of the nature of the articles short, the matter was referred to the R.C.M.P. and city police by the local officers in order to ascertain if any offence had been committed. There is no evidence as yet that any offence has been committed, but the matter is being looked into.

KOREA

FURLOUGH FACILITIES FOR CANADIAN TROOPS IN TOKYO

On the orders of the day:

Mr. Clarence Gillis (Cape Breton South): May I direct a question to the Minister of National Defence? My reasons for asking it are set out in the notice which I sent to him. Has any representation been made to the minister by service personnel or welfare organizations with regard to providing better furlough facilities for Canadian troops on leave in Tokyo?

Hon. Brooke Claxton (Minister of National Defence): As the hon. member for Cape Breton South has said, he was kind enough to send me notice of his question. Until today the only representation made in this connection was that made by Bill Boss, Canadian Press correspondent. When the party that accompanied me to Korea was in Tokyo, we visited and looked into the leave centre at Ebisu. I then asked Brigadier Connelly, head of our military mission there, to see what could be done to improve the facilities. Some work along this line was then being done by the Australian organization in charge of the centre. On my return I made arrangements with the Red Cross to send a number of Red Cross workers there. To establish them in the far east, Dr. Stanbury, commissioner of the Red Cross, was good enough to go to Japan. I asked him to look into the situation. He did so and this was the subject of a speech yesterday.

Dr. Stanbury told me he was going to send a report to me, but has not done so as yet. I have had a talk with him, however, and it confirms my own views. This situation is not by any manner of means ideal, but in the view of the military officers, however, it is about as good as we had before, and the chief of the general staff, when he went out a couple of weeks after me, felt that the situation did not justify our separating ourselves from the commonwealth division in Tokyo and creating special facilities for Canadians, thus making the difference between our conditions of service and those of Great Britain and Australia even greater.

Just today I received from the adjutant general a recommendation that we should establish a recreation centre in the centre of Tokyo. This follows a report made to him on May 1, by Brigadier Connelly, which was in the hands of the adjutant general's branch

on May 3. It has since been studied, and it is recommended that we should establish a recreation centre in Tokyo, and a suitable building has been found for this purpose. I shall be making the appropriate recommendation to my colleagues.

IMMIGRATION

PROCEEDINGS IN DEPORTATION OF U.S. CITIZEN WALTER HARRIS

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): I should like to direct a question to the Minister of Citizenship and Immigration with regard to a United States citizen, Walter Harris. Has there been any investigation into the allegedly long imprisonment that he suffered? Has there been any suggestion of incompetence on the part of any officials of the department? Why was the department so long in setting up a board of inquiry? These are some of the questions I should like the minister to answer, having regard to the statement that has recently been made.

Hon. W. E. Harris (Minister of Citizenship and Immigration): The hon. member was kind enough to telephone me a few minutes before three saying that he was going to ask these questions. In answer to the first question, there has been an investigation made by myself as to the procedure that was adopted on this occasion. In answer to the second question, there has been no incompetence shown that I have been able to ascertain. In answer to the third question, concerning the length of time this gentleman was incarcerated, I might point out that the Immigration Act requires certain procedure to be adopted to deport an alien who is in jail in Canada. This procedure was followed precisely throughout the whole of the proceedings.

In answer to the final question, whether there had been an unduly long period in convoking the board of inquiry, I should say there was not, for this reason. We were notified on March 12 that this gentleman was in jail. A search of our records was made on March 13, and it was ascertained that he had not been landed. An order was made on the 14th for the holding of a board of inquiry. This order was dispatched by mail on Friday the 14th from Ottawa, was received in Hamilton on Monday morning the 17th, and the board of inquiry was convoked on the 18th.

DOMINION DRAMA FESTIVAL

QUESTION AS TO AWARDS—BESSBOROUGH TROPHY

On the orders of the day:

Mr. J. W. Noseworthy (York South): May I direct a question to the Prime Minister? Is the government considering any action to prevent the substitution of a distillers' trophy for the Bessborough trophy as the top award in the dominion drama festival inaugurated in 1933 by the Earl of Bessborough, a former governor general of Canada?

Right Hon. L. S. St. Laurent (Prime Minister): The hon. gentleman sent me notice of his intention to ask this question, and the answer is as follows:

The question of awards and financial administration for the dominion drama festival is of course a matter which comes under the full control of the authorities of the festival.

In the report of the royal commission on national development in the arts, letters and sciences there were recommendations dealing with cultural activities such as those of the dominion drama festival, the implementation of which will require legislative action. This special matter is related to a good many other similar activities, and it is not possible to deal with them all at once. The government is continuing to give consideration to the recommendations of the report of the Massey commission, and, when decisions as to the appropriate action to be recommended to parliament are made, they will be announced in the usual way.

CHEESE INDUSTRY

QUESTION AS TO FEDERAL GOVERNMENT ACTION TO AVERT CRISIS

On the orders of the day:

Mr. J. W. Noseworthy (York South): Will the Minister of Agriculture tell the house what provision the government has made or is about to make to avert the pending crisis in the Cheddar cheese industry?

Right Hon. J. G. Gardiner (Minister of Agriculture): This morning I discussed the whole question with Hon. Thomas Kennedy in Toronto.

CIVILIAN WAR PENSIONS

INCREASES IN BENEFITS TO OTHER THAN MEMBERS OF ARMED FORCES

Hon. Hugues Lapointe (Minister of Veterans Affairs) moved the second reading of Bill No. 191, to amend the Civilian War Pensions and Allowances Act.

Motion agreed to, bill read the second time and referred to the special committee on veterans affairs.

Canadian National Railways

CANADIAN NATIONAL RAILWAYS

PROVISION FOR CONSTRUCTION OF LINE FROM TERRACE TO KITIMAT, B.C.

Hon. Lionel Chevrier (Minister of Transport) moved the second reading of Bill No. 192, an act respecting the construction of a line of railway by Canadian National Railway Company from Terrace to Kitimat, in the province of British Columbia.

He said: Yesterday during the resolution stage of this measure I dealt with a number of questions, but I think the house will expect me to say something on the bill which is now before the house.

As I indicated on the resolution, the bill has to do first with the authority to construct the line; next, with the authority to issue securities and also to make temporary loans. By this bill the governor in council is authorized to provide for the construction and completion by the Canadian National Railways before November 1, 1954, of a line of railway approximately 46 miles in length from Terrace to Kitimat in the province of British Columbia. The cost of the line is estimated at $10 million which will be financed by the government.

The financial provisions of the bill authorize the railway company to issue securities not exceeding $10 million which may be guaranteed by the government. Provision is also made for temporary loans not exceeding $10 million to be made by the Minister of Finance to the railway company to enable the construction to proceed without the delay attending the borrowing of the necessary funds from other sources.

Clause 8 of the bill authorizes, and in fact requires, the Minister of Transport to make a report to parliament annually in the same manner as reports are made under the other legislation concerning branch lines passed previously by parliament.

The Canadian National Railway Company has entered into an agreement with the Aluminum Company of Canada under which the Canadian National Railway agrees, subject to the provisions of enabling legislation, to complete the railway, and the Aluminum company is to provide traffic amounting to $1 million a year for a period of ten years or, in the alternative, make payments to the railway company of one-third of any deficiency below the $1 million. If the Aluminum company is required to make any payments to the railway company, refunds will be made to the Aluminum company on the basis of one-third of any excess of gross revenue earned by the railway company over the $1 million in any year. This refunding provision may be extended for a further period of ten years, but in any case the amount refunded by the railway company to the Aluminum company shall not exceed the total payments made by the Aluminum company to the railway.

The Aluminum company has also agreed to make available a substantial amount of electric power to other industries locating in that region.

I should like to mention that in addition to the rail traffic to be secured in connection with the Aluminum company project, Kitimat valley has about 2¼ billion feet of accessible timber estimated to be capable of yielding 22,500 tons of rail traffic annually with gross earnings in the second five years of operation of the line of over $342,000 per year. There is also an expected fisheries development in the processing of chilled and frozen fish which would yield about 650 tons of freight per year, or an annual revenue of about $32,000.

The estimates of rail traffic indicate that average annual gross revenue for the first five years will amount to $1,854,800, and average annual operating expenses will be $1,503,700, resulting in average annual net operating revenue of $351,100. Interest on cost of construction is estimated at $350,000, leaving a net revenue for the first five years of $1,100.

Mr. Green: Is that per year, or for the five-year period?

Mr. Chevrier: That is for the five-year period. This is computed on a basis of five years at $1,100.

For the second five-year period, average annual gross revenue is estimated at $2,828,200 and operating expenses at $2,155,000, resulting in average annual net operating revenue of $673,200. After deduction of $350,000 for interest the net annual revenue for the second five-year period of operation is estimated at $323,200.

Owing to the difficult terrain over which the line must be constructed, the cost of construction will be heavy, but the building of the line is so plainly in the national interest that this bill should commend itself to all members of this house.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, last night and this afternoon I listened with interest to the minister in his explanation of the purposes of this bill, and I also listened with great interest to the remarks made by the hon. member for Skeena (Mr. Applewhaite) who, I am sure, is pleased to see this additional development in his constituency.

We in this group support this bill, first of all because we recognize that it is the result of increased development and production in British Columbia. We are pleased to see this further extension of the Canadian National Railway system. We hope that this production and development in British Columbia and in Canada will make it easier still for this government to provide improved social welfare services to the people of Canada.

Mr. Solon E. Low (Peace River): Mr. Speaker, I had intended to say something on the resolution stage yesterday, but it was impossible for me to get into the discussion. I have only just a minute or two before I have to attend a meeting of the external affairs committee but I think I should indicate the position which my group takes toward this bill.

We think that it is a fortunate thing for any part of Canada to see the development that is taking place in the area of Kitimat in the constituency of my friend the hon. member for Skeena (Mr. Applewhaite). We are glad to see that development. It augurs well for the future of Canada; it will doubtless make for a stronger and better Canada.

When a railway is to be built from Terrace to Kitimat, we think it is only natural that we should look to the Canadian National Railways to build it. I think that is a proper procedure. I just want the minister to know that we support the bill and approve the help which the government is giving by way of assistance in financing, making advances on loan, and so forth.

There is one thing I do not intend to say much about; when I think of the building of this line of railway by the Canadian National Railways it makes me think that some consideration ought to be given to the extension of the Canadian National from the Peace river country to the coast, to link up perhaps with this very road. Were that done I am quite sure that we would see much greater development than is possible by the construction of these piecemeal lines.

I just wanted the minister to know that we are happy to see this line being built, in view of the development that will result from it in the Kitimat area.

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, the bill as presented to the house is in practically the same terms as the bill which was passed last year to authorize the construction of a railway from Sherridon to Lynn Lake in the province of Manitoba. I notice that there are one or two differences, but they are not of great importance. I presume that this is a standard type of bill authorizing the construction of a branch line.

I was pleased to hear the minister say today that the Aluminum company have undertaken some obligation in connection with this construction. He did not make that fact so clear last night, but it appears from his remarks today that they are undertaking some financial obligation, as was done by Sherritt Gordon Mines Limited in the case of the Lynn Lake line.

However in the course of his remarks today the minister did not deal with my query of last night as to why the Department of Defence Production are not assisting in this construction, as they did in connection with the Lynn Lake line. The figures given today for the cost of operating the line do not indicate that there is likely to be very much profit. Some pretty close budgeting has been done—some pretty close figuring—on a scheme of this kind, which has not yet commenced. The minister has announced that during the first five years after the railway is built there will be a profit of $1,100 for the five-year period. I hope he is right. But it probably will not be any more, or he would have said so. Then, even for the second five years the net operating revenue is estimated at only $323,000.

I submit those figures show that the Canadian National Railways should have assistance from the Department of Defence Production in this construction. If a certain amount of assistance were given it would be possible for the railway to operate at a profit. Surely this great production of aluminum is of value in our defence preparations. That other department paid last year almost $5 million, or nearly one-third of the total cost of the construction of the Lynn Lake line.

In addition, I notice from the annual report of the Department of Defence Production, which we received today, that they are helping with other developments, none of which is more important than this Alcan development. For example we find at page 32 of the report, under the non-ferrous metals division—and I presume this would be the division under which aluminum would come —the following paragraph:

> The division also kept informed of, and assisted industry in, the development of Canada's natural resources, in so far as non-ferrous metals, iron ore, and some non-metallic minerals, such as asbestos and quartz crystals, are concerned. In addition to arranging for priority assistance in this field, the division took an active part in several projects undertaken with a view to increasing production of certain strategic materials.

Aluminum, of course, is a strategic material. The report continues:

> Among these was the reactivation of the Emerald tungsten mine in British Columbia ensuring adequate supplies to meet Canada's defence needs. To stimulate the production of cobalt, an incentive buying price schedule for northern Ontario ores was instituted by the government early in 1951 and guaranteed for three years.

In fairness to the Canadian National Railways I do hope that consideration will be given to having the Department of Defence Production pay some of the cost of the construction of this line.

Incidentally, the point raised by the hon. member for Peace River (Mr. Low) is also very interesting; and it would be helpful if the minister could tell the house what thought has been given to extending the railway in the Peace river area down to Prince George in British Columbia. This would complete the picture of railway transportation in that part of British Columbia. This development has been much too long delayed, and I hope there are some plans in contemplation for this other construction.

Mr. G. M. Murray (Cariboo): Mr. Speaker, I heartily agree with the hon. member for Vancouver-Quadra (Mr. Green) who has suggested that assistance should be given by the Department of Defence Production.

This discussion brings to mind an historic moment in the history of Canada. In 1874 discussions took place in the House of Commons as to the final plan or route for the Canadian Pacific Railway. After everybody had had his say, Sir John A. Macdonald, the great leader of the party so well represented by the hon. member for Vancouver-Quadra, rose in his place to speak. At that time Sir John was in opposition. His speech, as mine will be on this occasion, was brief: I have at least that in common with the great first prime minister of Canada.

After consultation with certain people he said, "There is no doubt that the road should go along the line discovered by Alexander Mackenzie, and that it should pass down through the Peace river area, through the Nechako country, and so on." He put his finger on the map, where Fort George was located, and said, "That is the centre; that is where the rivers meet; that is where the trails cross. That some day will be a great city."

Fort George is today Prince George; and of course it is an outstanding centre in the Cariboo electoral district which I have the honour to represent. I mention it in this connection because the Cariboo country is the hinterland to Prince Rupert, Kitimat, Vancouver and the other great coastal ports on the Pacific.

I am supporting this measure because it brings to fruition the dream that, no doubt, that great pioneer statesman had of the development of the interior of British Columbia. I refer not so much to the development that has taken place along the 49th parallel in the southwest corner of British Columbia, but rather to the heart of the country where most of the wealth is located, where we see the great plains and the great timber areas, where we find the waterpower and the minerals.

That is where we should have a metropolis, the place where Sir John placed his finger, at the confluence of the Nechako and the Fraser, the site of the present city of Prince George.

The building of this industry at Kitimat is probably the greatest event in northern British Columbia since the building of the first railway. I commend the minister upon his having appreciated quickly the need for rail extensions there, and the building of this Kitimat cut-off. I would hope that later he might see his way clear to have the Canadian National Railways build a branch into the Peace river country. I know that Premier Johnson of British Columbia has that in mind. The people of British Columbia are united in their desire to see a railway in the Peace river country, the great agricultural area in which few people live, but a place where all kinds of grains and fodder can be grown. Indeed, that area can produce most of the products grown here in Ontario, with the possible exception of tree fruits.

That area remains to be tapped by rail. If a town is built at Kitimat, and if this branch railway is to be as profitable as indicated, then there must be back of it and back of Kitimat an extensive farming industry. There must be dairy and other products to supply a big industrial population. Recently we had a discovery of oil and large quantities of natural gas in the Peace river country. I believe that today consideration is being given to running branches from the proposed pipe line to Vancouver to serve Prince Rupert, Kitimat and other places on the northern Pacific coast.

I think also of the great development which has taken place in the interior of British Columbia north of the 60th parallel within the confines of the riding represented by the hon. member for Yukon-Mackenzie River (Mr. Simmons). During the last year or so there have been vast developments in all kinds of

minerals, particularly uranium, oil and natural gas. That country has no rail connection with the Pacific coast and I visualize the construction of a line, possibly down through Grimshaw in Alberta, the continuation of the Northern Alberta railway over into the Peace river bloc in British Columbia, with a further extension from there by Canadian National Railways to Pacific tidewater.

These great smelters and refineries will just naturally be located around Prince Rupert, Kitimat and other points on the Pacific coast. I think it would be wrong to think otherwise. The construction of railroads in Canada is a matter of great national importance today, just as it was in 1874. We are entering a new era of discovery, mechanical devices, invention and general development.

Last night we had as a guest in this House of Commons the president of the Canadian Pacific Air Lines Limited. In the early thirties when so many young men were having to go into the unemployment camps wondering what they were going to do, Grant McConachie thought that it would be a good idea to become an aviator. He had been firing a locomotive on the Canadian Northern railroad. He learned to fly an aeroplane and went up into the north country where he flew out furs, fish and everything that offered. He carried these commodities down to Prince George, Edmonton and other rail centres.

From that small beginning he developed a great business. I am very happy that I had some little part in getting him launched out of Ashcroft with the first air mail service out of the Cariboo. From that small beginning he built up a great air fleet which now spans the Pacific to Japan, China, Australia, New Zealand as well as points in South America. Great wealth has been brought to this country through the operation of that air service as part of our transportation picture now being worked out in the northwest and toward the completion of which the Minister of Transport (Mr. Chevrier) is making such a great contribution.

Hon. Lionel Chevrier (Minister of Transport): The hon. member was asking why a differentiation was being made between this branch line and the Sherridon-Lynn Lake line where a contribution of $5 million or some such amount was made by the Department of Defence Production. In answer may I say that Canadian National Railways do not deal with branch lines on a set pattern. They are considered in accordance with the circumstances that arise and each case is decided separately.

There are reasons why in this case there should not be a contribution by defence production. First, no request was made by Canadian National Railways to the government and therefore no opportunity arose. Next, I think there is all the difference in the world—I say this with deference to my hon. friend—between this and the other line.

There was a great shortage of nickel-copper production such as was discovered in the northern part of Manitoba, certainly on this continent. The situation was such that it was felt that defence production should contribute that amount, not only for that reason but also because of the length of the line which is several times the length of this line.

There is not the same shortage of aluminum. We have the development at Shipshaw and there are a number of developments in the United States. There was not the same urgency for this development as there was in the other case. Even if there was a contribution I cannot see that it would make much difference because it would be made out of the revolving fund of defence production.

Mr. Green: The position of the railroad would be bettered, would it not?

Mr. Chevrier: I do not think it would. The estimated traffic operations for the first five-year period indicates that there will be a small profit.

Mr. Green: Does that include interest on the loan from the government?

Mr. Chevrier: The position of the Sherridon-Lynn Lake line was not the same.

Mr. Green: What about the Peace river outlet?

Mr. Chevrier: I do not think that I should be asked to deal with a matter of that kind under this legislation. This is specific legislation dealing with a branch line from Kitimat to Terrace. When the government determines as to whether it will construct a line into the Peace river country it will announce its policy in the usual way. I suppose that when my estimates are up I shall be asked certain questions and I shall be glad to deal with the matter at that time.

Mr. Green: Why not tell us now?

Mr. Chevrier: I do not think this is an opportune time to deal with it. This is legislation for a specific branch line and I think it should be treated accordingly.

Motion agreed to, bill read the second time and referred to the standing committee on railways, canals and telegraph lines.

New Westminster Harbour Commission

HARBOUR COMMISSIONS

NEW WESTMINSTER—EXTENSION OF BOUNDARIES AND PROVISION FOR LOAN

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

That it is expedient to introduce a measure respecting the New Westminster harbour commissioners, to extend the boundaries of the harbour, and to provide for a loan of one million, two hundred and fifty thousand dollars to the harbour commissioners for the purpose of constructing additional dockage facilities in the harbour.

He said: Mr. Speaker, there are two parts to this resolution. The first relates to the extension of the boundaries of the harbour of New Westminster.

The New Westminster harbour commissioners were incorporated by chapter 158 of the statutes of 1913, and were given jurisdiction over the harbour of New Westminster from the eastern end of Douglas island to the Sandheads. In 1938 the harbour was extended to include a small area lying between the harbour of New Westminster and the North Fraser harbour. The present boundaries are set out in chapter 37 of the statutes of 1938.

Certain waterlot properties in the Fraser river and the Pitt river which were formerly administered by the Department of Resources and Development as part of the railway belt lands were transferred to the administration of the Department of Transport in 1951. It is now proposed to extend the boundaries of the harbour to include these waterlots which will be placed under the jurisdiction of the harbour commissioners and will be used for industrial sites in connection with waterborne transportation. The boundaries of the harbour would be extended eastward in the Fraser river to Kanaka creek and northeastward in the Pitt river as far as Pitt lake.

The second part of the resolution seeks authority for a loan of $1,250,000 to the harbour commissioners to enable the commissioners to construct additional dockage facilities in the harbour. With respect to the proposed loan, the harbour commissioners represent that there is not sufficient dockage at the port of New Westminster to handle present traffic, and there is no publicly-owned wharf terminal. Five private berths are owned and operated by Pacific Coast Terminals Limited. Two city-owned wharves are operated under lease by private operators. On the south side of the harbour across the Fraser river there are two berths owned by Fraser Mills and three berths at the grain elevator leased to private interests. A number of shipping agencies have made representations to the commissioners pointing out the insufficiency of dock facilities for present and future traffic requirements.

In 1946 the city was surveyed by Harland Bartholemes for a future town planning scheme including the waterfront. This survey envisaged a frontage as now proposed extending eastward from the present city dock frontage to Pattullo bridge. On the basis of this report, the city wishes in time to release all interest in its waterfront property and with this objective in mind has approached the harbour commissioners to take over the most easterly portion of its docks. The city is also prepared to convey to the crown the adjacent waterfront property lying eastward for a distance of 1,500 feet for the development of additional dock frontage. The commissioners propose to construct dockage facilities on this property and have asked for the loan of $1,250,000 for this purpose.

The port of New Westminster has made substantial progress in recent years which is reflected in the increase of traffic moving in and out of this port. In 1951 there were 394 deep sea arrivals in port with a deep sea freight tonnage in and out of 936,320 tons. In addition there were 1,924 coastal arrivals with a coastal freight tonnage in and out of 2,120,000 tons. This represents an increase in tonnage over 1950.

United States defence authorities consider that this port would be a logical operating point for defence shipments in view of its rail connections to United States points via Great Northern, Northern Pacific and other American railroads.

With the major industrial development now proceeding in British Columbia and the adjoining province of Alberta it is essential that adequate deep sea dock facilities be constructed to take care of traffic moving in and out of the port of New Westminster.

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, the official opposition are very happy to support any development of the port of New Westminster. As a matter of fact it was under a Conservative prime minister, the late Sir Robert Borden, that the New Westminster harbour commission was set up in the year 1913. The statement just made by the Minister of Transport (Mr. Chevrier) seems to make out a very good case for the proposed legislation. I wonder whether the government is going to give any assistance in the erection or installation of these docks. I took it from his statement that the New Westminster harbour commissioners would have to find all the money and that there would be no assistance from the government.

This is one of the great harbours of Canada; furthermore it is a fresh water harbour and has that advantage over salt water harbours. The manner in which it has been developed reflects great credit on the different harbour commissioners and on the citizens of New Westminster. In British Columbia we believe that the city of New Westminster is more or less in a class by itself. Mind you, I am not leaving out of comparison my own city of Vancouver. However, from the start the city of New Westminster has been blessed with citizens possessed of the highest civic spirit. Hon. members will have heard of their different athletic teams such as the Salmonbelly lacrosse teams. Every boy in New Westminster is supposed to be born with a lacrosse stick in his hand. Down through the years there has been this wonderful spirit and one of the results has been the New Westminster harbour development. Therefore we are very glad to be able to say a few words in support of the proposal.

After the bill has had second reading I presume it will be referred to the standing committee on railways, canals and telegraph lines. I think that is wise because that is the best way for members of the house to become acquainted with the various financial and other details which cannot be adequately studied in the house. I hope the minister will move to refer the bill to the standing committee.

Mr. W. M. Mott (New Westminster): Mr. Speaker, I am very glad to have the opportunity to say a few words in support of this measure. As the sitting member for New Westminster, known throughout the whole world as the port of New Westminster, I appreciate very much, as will the citizens of New Westminster, the kind remarks of the hon. member for Vancouver-Quadra (Mr. Green). No doubt in his younger days he has faced New Westminster lacrosse teams on many occasions years ago when they were known throughout the whole world and won championships throughout the world.

Mr. Knowles: He is not that old.

Mr. Mott: He is old enough to have played lacrosse and they are still playing it. I should like to mention something else that goes back a little farther in the history of the port of New Westminster. Around the year that the hon. member for Vancouver-Quadra mentioned, 1913, the population of New Westminster was approximately 10,000 people. Nevertheless they did look to the future. They could see what that great river meant and the great development that could take place from the point of view of being one of the leading harbours of the world. The council submitted a bylaw to the people involving an expenditure of $500,000 to start building docks. The first two docks built at New Westminster were constructed then, and from that time onward even sailing ships have come up the river to take on cargoes such as timber and lumber which they carried to all corners of the world.

The harbour has grown since that time until last year there were 394 deep sea ships in port. That represented sixty ships more than in 1950. The latest report I have for the year 1952 shows that from January 1 to March 31 there have been 104 deep sea ships in port compared with ninety-six for the same period last year. The traffic on the river is still increasing. The harbour is about twenty miles from the mouth of the river, and there is a space of about twenty miles on each side of the river that could and probably will be one of the greatest industrial empires on the Pacific coast. It ties in with four railways, the Canadian National, Canadian Pacific, Great Northern and Milwaukee. The two United States railways come into New Westminster before they go to Vancouver, the same as the Canadian National and the Canadian Pacific. It is really the first port of entry from the United States, and it has grown very quickly during the last twenty years.

I support the extension of the harbour limits already mentioned by the minister, and which no doubt will be explained in the bill. There has been difficulty in the upper reaches of the river owing to the fact that no one has control. Some two years ago I had a letter from one of the large industries in that area. There was ice on the river; they were frozen in, and the employees were laid off for about ten days. I believe they also lost a tug trying to break the ice around their booming grounds, and altogether it cost them about $35,000. At that time there was no one to go to. The dredging is looked after by the Department of Public Works with headquarters at New Westminster, but when it comes to difficulties in regard to navigation on the river they all look to the New Westminster harbour commission. With that idea in mind I support the extension of the harbour in order that there might be proper policing, and so that in winter if it is necessary to go beyond the present boundaries of the harbour in order to break the ice and keep the river open, that may be done by the New Westminster harbour board. We have not been able to do that in the past, so I think this extension of the boundaries is a move in the right direction.

I am very glad to support this bill. I appreciate very much the kind remarks that have been made. I will have more to say

when this matter goes to committee, since I am a member of that committee; and for the information of hon. members, especially those of the opposition, I may say that I understand the chairman of the harbour commission will be coming here to attend the meetings of that committee, when I am sure any questions we may have in mind can be asked and answered at that time.

Mr. H. W. Herridge (Kootenay West): As a member of this group, Mr. Speaker, and a member from British Columbia, I want to make some brief remarks on this bill. I listened with interest to the minister, to the hon. member for Vancouver-Quadra (Mr. Green), and to the hon. member for New Westminster (Mr. Mott). Before proceeding with my remarks I must say I endorse and support everything said in connection with this development by the hon. member for Vancouver-Quadra.

Not only have I heard of this development in this house this afternoon. On occasions when I have visited New Westminster I have had an opportunity to see the docks and watch the loading and unloading of ships. I have been told of the enterprise of the early residents of that city and of the council of 1913, which placed before the residents a bylaw calling for the expenditure of $500,000, which was a large sum of money for a city with a population of about 10,000 to raise. I think the developments in New Westminster, particularly the harbour developments, are a credit to the first and succeeding councils who have dealt with these matters. In fairness to the hon. member for New Westminster I should say that I have heard even his political opponents pay tribute to the work he did while mayor of New Westminster in promoting harbour improvements.

This bill appeals to this group, because it has to do with a development which resulted from co-operative community action, by the people themselves. Certainly these developments should receive the endorsation of all across this country, and the financial support that will be provided by this legislation. The port of New Westminster is of particular interest to the southeastern portion of British Columbia, because that is the port through which flow many of the products of the Consolidated Mining and Smelting Company, fruit from the orchards of the interior of British Columbia and other commodities produced in that area. They flow through that port because of the improved facilities provided through the enterprise of succeeding councils of that city. Therefore this group wholeheartedly supports and endorses this bill.

Mr. G. M. Murray (Cariboo): Mr. Speaker, I remember being in New Westminster in 1913. At that time there was very little navigation on the Fraser river, just the odd Indian canoe or a lumber barge going up to Fraser Mills. That great, broad, beautiful river was developed through the imagination and energy of the citizens of New Westminster. When this harbour board was first established the commissioners served without salary. It was a work of love on their part. The project had to succeed, and I am not surprised to learn the great number of deep sea ships that now anchor in the Fraser river. In my opinion there is no other harbour in the world with greater possibilities. Now that harbour is being extended many miles inland. It will now take in the Pitt river which flows into the Fraser. At the confluence of the Pitt and Fraser there is a natural site for a metropolis. The Pitt begins up in Pitt lake, and is a great fresh water flood. So I believe this bill is going to contribute greatly to the industrial development of British Columbia.

In this connection I would like to mention the work that has been done in the development of the Fraser river by the *Daily Columbian* of New Westminster, formerly owned and edited by a gentleman who was a very distinguished member of this house, the late Hon. J. D. Taylor, and now edited by Miss Dorothy Taylor. It was under the direction of Mr. Taylor that the incorporation of the harbour board was brought about, during the regime of Sir Robert Borden. Mr. Taylor was a native son of the Ottawa valley, one of those young Canadians with lots of courage who went west and made himself a fortune, also gaining great fame as a national speaker. This was one of the projects very dear to the heart of the late Mr. Taylor and his managing editor, the late J. W. Cunningham, who in those early days was drawing up blueprints and plans and publishing advertisements, trying to get new industries to locate in this little community. I think also of the late Mayor Keary and also of Hon. A. Wells Gray, who was mayor of the city and provincial minister of lands, who practically gave his life in community service to the royal city of New Westminster. So it gives me great pleasure to be able to offer a word of support for this resolution.

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

Mr. Green: Would the minister answer my question concerning any government contribution to the cost of erecting these docks?

Mr. Chevrier: The government is making a loan of $1,250,000 for that very purpose. It is the desire and intention of the harbour commissioners of New Westminster to build dockage facilities upon land which they will get from the city; and this amount is for that purpose.

Mr. Green: There is not to be an outright contribution from the government?

Mr. Chevrier: No, there is not.

Mr. Green: I am wondering about that, because in many cases the government actually builds docks. I wonder why in this case there is no contribution by the government.

Mr. Chevrier: This is an entirely different case. The government builds docks in its national harbours—

Mr. Green: And in other harbours as well.

Mr. Chevrier: No, the government does not build docks in other harbours, except through the Department of Public Works. I am talking now of the jurisdiction of the Department of Transport. The harbours that are under our jurisdiction have been built in part, and I would think for the most part—I think now of Toronto, for instance—by the funds and revenues obtained from the commission itself. This is certainly the case here. The government has been of great assistance to the harbour of New Westminster from the point of view of public works and other facilities with which I am not fully familiar at this time. I do not think that the government has neglected this harbour in any sense of the word.

Mr. Green: What about the extension of the boundaries? I understood the minister to say that the boundary would be extended right up the Pitt river to Pitt lake. As I read the act which is now in force, the jurisdiction only goes to the mouth of the Pitt river. I may be wrong in that.

Mr. Chevrier: At the moment the jurisdiction goes to the east end of Douglas island, which is at the mouth of the Pitt river, and it is proposed under this bill to extend the jurisdiction northeastward along the Pitt river to Grant Narrows, and eastward along the Fraser to a point that I mentioned earlier which is in the vicinity of Fort Langley.

Mr. Green: What are the respective distances?

Mr. Chevrier: I would have to guess at that from looking at the map. This is not a scale map, but I would think the jurisdiction is about half of that which the harbour already has.

Mr. Green: Have there been any representations made by municipal councils in this area to which the jurisdiction is being extended?

Mr. Chevrier: No, there have not.

Mr. Pearkes: One may expect a reasonable development and expansion of the port as a result of this jurisdiction, but one of the limiting factors in the expansion of not only the port of New Westminster but other ports in British Columbia has been the lack of suitable dredges to keep the channels and the approaches to the ports open. Is any provision being made for an increase in the number of dredges that can be made available in British Columbia?

Mr. Chevrier: Not under this legislation, but as my hon. friend knows that is a matter for the Minister of Public Works and I understand that provision is being made in his estimates for certain dredges.

Resolution reported, read the second time and concurred in.

Mr. Chevrier thereupon moved for leave to introduce Bill No. 193, respecting the New Westminster harbour commissioners.

Motion agreed to and bill read the first time.

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

Mr. Chevrier: I was wondering if the house would consent to the second reading of the bill now, and I shall give my reason for that request. If there is any objection, I shall withdraw it. The reason is that the railway bill has been referred to the committee on railways, canals and telegraph lines. This bill will also be referred to that committee, and I understand that it is the intention of the chairman of the New Westminster harbour commission and one other member to be here next week. As the house knows, Thursday and Friday have been set aside for the budget resolutions, so it will be impossible to consider this measure on those days. It is a simple bill that can be broken down into two parts, one having to do with the extension of the boundaries and the other concerning the loan of $1,250,000. There will be an opportunity for discussion when the measure comes back from the committee. If the house were willing to give it second reading and refer it to the committee, I think it would be very helpful.

Mr. Green: I am very sorry, but we have a duty here at least to look at these bills before they are passed. We have not got the bill, and there has been no opportunity to study it. We cannot agree to give any bill second reading without seeing it. This bill can be brought on for second reading on Monday.

I do not think there will be any difficulty in getting it passed in short order, so that there will be no inconvenience whatever to the chairman of the New Westminster harbour commission.

Mr. Deputy Speaker: When shall this bill be read a second time? Next sitting of the house.

AERONAUTICS ACT

AMENDMENT TO PROVIDE FOR ZONING OF AIRPORTS

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

That it is expedient to introduce a measure to amend the Aeronautics Act to provide that the governor in council may make regulations for the zoning of airports and also to provide for the payment of compensation in respect of any property injuriously affected by the application of the said regulations.

He said: There are two parts to this resolution, Mr. Speaker, which is concerned with a measure to amend the Aeronautics Act. The first part relates to the making of regulations to provide for the zoning of airports. The second part deals with the payment of compensation in respect of any property injuriously affected by the application of the proposed regulations.

Dealing with the first part of the resolution, it must be apparent to all that airport approaches should be protected. At the present time there are no regulations restricting the use of lands in the vicinity of airports or limiting the height of buildings or other structures which are hazards to the landing or taking off of aircraft. During the last war the airport zoning regulations, 1939, were made under the War Measures Act. These regulations applied to military airports and definitely restricted the height of structures and use of land adjacent to these airports. These wartime regulations afforded necessary protection to aircraft using the airports but are no longer in force. The only means of zoning airports at the present time is given by the Expropriation Act which authorizes the taking of land or any interest therein for public purposes. This method is not considered adequate to meet present-day requirements of airports.

By airport zoning is meant the division of certain land adjacent to or surrounding an airport into definite areas in which the height of buildings or other structures, and objects of natural growth, is limited and the use of the land is restricted according to definite plans so that the airport approaches are protected from dangerous obstructions. The need for protection of both the aircraft and the public from dangerous obstructions in the vicinity of airports is obvious. The building of houses and other structures on locations from which later on they may have to be removed should be discouraged.

In most instances, airports have been located in sparsely settled surroundings, but the growing importance of air travel and the expansion of cities have caused a movement to locate various buildings adjacent to airports in recent years. If the height of these new structures is reasonably regulated so as to prevent them from interfering with the use of the approaches to the airport, the public interest in the airport will be protected, and the owners of property adjacent to the airport can make the best use of their land by adapting it to purposes which conform to this public interest. The recent casualties in populated areas where aircraft have landed out of control causing loss of life and extensive damage indicate that great care should be taken not only in the location of suitable airport sites but also in regulating the erection of buildings in the vicinity of an airport.

Turning now to the second part of the resolution which is complementary to the first, it is intended to make provision for the payment of compensation to persons whose property is injuriously affected by the application of the zoning restrictions. The introduction of airport zoning will permit the orderly development of land in the vicinity of an airport without danger to air navigation. Generally, this will be beneficial to property owners in the area but it is recognized that in some cases hardships may occur to property owners who have acquired land or have planned developments on property immediately adjacent to airports for purposes which no longer would be feasible under the restrictions imposed by zoning regulations. It is intended to take care of these cases by providing for compensation. This will apply in regard to future structures which are dangerous to aircraft. The removal of obstructions now on the land will be dealt with under the normal procedures of expropriation for which compensation is provided under the Expropriation Act. It is not the intention of the measure which I propose to introduce to have a retroactive application but to prevent the creation of future hazards. The zoning regulations, therefore, would be merely preventive as regards future action.

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, we have two suggestions to make with regard to this measure. The first is that the bill, when it has been introduced, should be allowed to stand on the order paper for a reasonable length of time in order that

the municipalities concerned may study it and may be in a position to make representations. This measure will affect a great many municipalities and we think it will affect quite a large number of people. We would urge that time be given for the terms to be studied by people across the country who are interested. We also think that, when the bill gets second reading, it should be referred to the standing committee on railways, canals and telegraph lines for careful study.

I presume that the bill will be somewhat similar to Bill No. 197 which was given first reading in this house on April 12 of last year. That bill of course dealt only with the zoning. There was no provision for the payment of compensation. I would ask the minister to explain, when the house goes into committee on the resolution, the type of airports which will be covered. Will the measure apply only to those airports where there is instrument landing or will it cover all of the airports in the country, large and small? It should also be possible for the minister to give us the approximate number of airports which will be affected.

What consideration has been given to the legislative jurisdiction of the dominion? Here we have a measure which will interfere with property and civil rights. A man may own property adjacent to an airport. He may have bought that property for the purpose of erecting a factory or some other type of building, and is suddenly met with these regulations which prevent him from carrying out his intention. In a measure of this type there would seem to be a conflict with the jurisdiction of the provinces. We should like to know what consideration has been given to that particular side of the matter.

We would also ask the minister to explain in more detail how he proposes to compensate these owners. As he has mentioned, the present system has been to expropriate the land that is required. That procedure raises many difficulties. The owners usually think they are not getting the right amount for their property. I expect there will be even greater difficulty in working out a system of compensation for damage arising as a result of these zoning regulations.

Many of these airports are owned by the municipalities. Will the compensation be paid by the government in full, or will there be some responsibility on the municipalities to contribute to that compensation?

These are some of the questions which come to mind in connection with the resolution. When the house goes into committee I hope the minister will give answers to those various questions.

Mr. Charles Cannon (Iles-de-la-Madeleine): Mr. Speaker, I wish to commend the minister for bringing in this resolution at this time. I think it would be an excellent thing to standardize the regulations concerning airports in place of leaving them to the various municipalities, as has been the practice so far.

I wish to take advantage of this opportunity to make a suggestion. In the Aeronautics Act, as it is now, there are provisions that enable the department to make certain grants to help in the construction of airports in certain municipalities which cannot afford to build them themselves. These provisions of the law do not provide for help being granted in the acquisition of land on which to build an airport, but only for a grant to help in the transformation of the land into an airport afterwards.

In my county a situation has arisen lately where one municipality had a great deal of difficulty in raising enough money to buy the land. I think the department would have been disposed to help, but unfortunately the act did not give it the necessary power to do so. I should like to suggest to the minister that he might consider amending the act to include these powers to help not only in the construction of the airport itself but also in the acquisition of the land.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I believe that all of us in Canada are justly proud of the wonderful safety record that has been established by our various Canadian air lines. Other hon. members are probably in the same position that I am in when I say that I have almost been able to persuade the members of my own family that it is now safer to fly in this country than it is to travel by any other means. Because this bill seems to have as its purpose the desire to take measures to assure that that safety record will be maintained and even improved, it certainly meets with our approval. There are a number of questions that occur to one, but most of them can be asked when we get into committee.

From what the minister says, I take it that one of the reasons which have prompted the government to bring in the bill at this time is concern for safety aroused by some of the tragic accidents that have occurred in the United States, particularly where planes have been taking off or landing at airports in thickly populated centres. That being the case, it seems to be highly desirable that favourable consideration should be given to this measure. When we get into committee I shall be interested in learning from the

minister whether, since the War Measures Act became inoperative and the zoning regulations under that act therefore lapsed, there have been any cases where structures have been built which would have contravened those regulations. If so, I would be interested in knowing whether the regulations to be made under this act will be retroactive to the extent that any structures that have been built since the suspension of the War Measures Act will have to be removed or altered in conformity with this bill.

I think, too, we are interested in the other side of the picture. Perhaps today the minister might deal with this phase of the matter. For example, are there any provisions in the bill that impose restrictions upon air traffic, as well? From time to time complaints are made by people in some areas as to the route that planes follow. Some folks who try to sleep at night feel that the night planes always come in just over their homes.

I realize the problem involved here. For example, in my own city of Winnipeg we are proud of the fact that our airport is so accessible to the downtown area. We know of course that we cannot have it both ways. We cannot have the airport close to town and not have the aircraft fly overhead. However I have received a number of complaints from patients in Deer Lodge hospital, wondering if something could not be done to reduce to some extent the disturbance the patients in that hospital feel they are called upon to endure.

All told, the bill would seem to be a commendable one. I am sure the minister will see the reasonableness of the suggestion of the hon. member for Vancouver-Quadra (Mr. Green) that the bill stay on the order paper for a while, so that those who are interested may have time to look into it. But we are glad to give the measure our support.

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

Mr. Chevrier: Mr. Chairman, perhaps I should answer at this time some of the questions put to me.

The hon. member for Vancouver-Quadra made two suggestions, the first of which was that the measure should be allowed to stand over. I would have no objection to that, but I would remind him and the hon. member for Winnipeg North Centre, who also made the suggestion, that the bill stood over for more than a year. Bill 197—

Mr. Green: That was only part of the present bill.

[Mr. Knowles.]

Mr. Chevrier: Bill 197 stood over because it broke new ground. In other words, it provided for the zoning of airports in a certain area. Because it was stood over we received a large number of representations from municipalities. And from those representations—and they came not only from municipalities, but from other interested persons—evolved this bill. However, I would repeat that I am not making any commitments that that will be the case. Personally, however, I would have no serious objection to it.

The next question was, to what type of airports will this apply? It is difficult to give the number of airports to which these restrictions would apply, but it is not difficult to say the kind to which they would apply. As I see it, all the transcontinental airports would be subject to them, as well as many of the airports that lie on the north-south routes which are considered as major airports.

Mr. Green: What does the minister mean by the north-south routes?

Mr. Chevrier: I mean the routes which go from north to south. For instance, Goose and Gander lie to the north of Halifax and Sydney—likewise on the west coast, and likewise in certain parts of central Canada. Then, unquestionably, there are military airports, perhaps a large number of them, to which regulations of this kind would apply. Offhand I can think of some 20 or 25 to which unquestionably the restrictions would apply.

I think consideration would have to be given to the closeness of a field to an urban area, and there would be other considerations as well.

Mr. Green: Each airport would be considered on its own merits?

Mr. Chevrier: That is right. Special consideration will be given to each airport. For instance, in the compilation of these restrictions special studies were made of the conditions at Dorval and Malton.

In order to answer some of the other questions raised it would be necessary to give the restrictions. I hesitate to give them at this time. They will be given and explained during consideration of the bill. Generally speaking, however, they can be divided into three classes: Restrictions which would apply horizontally from the centre of an airport to about 13,000 feet outside the centre; restrictions which would apply to the approaches on a sloping plane; and restrictions which would also apply to the sides of the approaches.

Mr. Knowles: They are restrictions as to height?

Mr. Chevrier: Yes. This would of course be much more stringent in respect of a plane which would go up and down than in respect of a horizontal plane.

I could go into more detail, but I do not think I should at this stage. A question was asked by the hon. member for Winnipeg North Centre concerning retroactivity. I do not think anyone will be affected in so far as retroactivity is concerned—certainly not at the two airports to which we have given consideration. I know that in the first group of restrictions no buildings will have to be taken down, nor will any buildings contravene the restrictions as we intend to put them into effect. Buildings however may contravene the other two groups to which I have made reference, and I think it will be adequately covered by the terms of the bill. I was asked what consideration was given to the jurisdiction of the federal government. I believe the jurisdiction of the federal government has been pretty clearly established by two cases—first, in re the aeronautics case, which was a decision of the privy council, and which established the jurisdiction of the federal government in respect of aerial navigation under section 132 of the British North America Act.

Then, again, that jurisdiction was more than amply confirmed under the peace-order-and-good-government clause of the British North America Act in the Johanesson case. This case came from the Winnipeg courts, and went I believe to the appellate division of the Manitoba courts, and finally to the Supreme Court of Canada. I believe it is a unanimous decision, and indicates clearly that, with reference to this question, we have jurisdiction.

In the case of Johanesson et al. *v.* Rural Municipality of West St. Paul et al.—this case is reported at (1951) D.L.R., volume 4, page 609—the headnote states:

> Aeronautics or aerial navigation is a matter falling within the exclusive legislative authority of the dominion parliament to make laws for the peace, order and good government of Canada and it includes within its scope the power to license, regulate and locate aerodromes. Consequently, provincial authorizing legislation, and a municipal by-law passed thereunder, dealing with licensing and prohibiting of aerodromes are ultra vires. Moreover, the field has been occupied by the Aeronautics Act, R.S.C. 1927, c. 3.

How do we propose to compensate those injuriously affected by these regulations? If we proceed under the Exchequer Court Act, as we intend to, the compensation rules are clearly set out. I do not think I am required to deal with that at this stage.

The hon. member for Iles-de-la-Madeleine raised a point which I know is vital to him and to others in that area or in other areas where the population is more isolated and segregated than in the central parts of Canada. I am not in position to say what the decision would be under legislation of this character. I can tell him that his and similar cases will be considered on their merits.

Mr. Knowles: Can the minister say whether this would apply to structures built since the regulations under the War Measures Act were suspended and which would have been contrary to those regulations had they still been in effect?

Mr. Chevrier: I thought I answered that a moment ago in the negative. I speak from memory, but I do not think that structures built since the zoning regulations under the War Measures Act lapsed would be affected. I am referring only to Malton and Dorval where I do not think any building will contravene the regulations in the first group. The regulations under the second and third groups are far more stringent and I am not prepared to deal with them now.

Mr. Pearkes: May I ask for a little more detail regarding the type of airport concerned. The minister has referred to transcontinental airports and airports on the north and south routes. But there are also feeder services coming into those transcontinental airports. Would an airport served only by a non-scheduled service be included?

Mr. Chevrier: This will apply to construction whether the airport is used by non-scheduled or scheduled lines. It will depend upon the proximity of the airport to an urban centre. Dealing more specifically with the first part of my hon. friend's question, I could give the names of the airports that would be affected.

Mr. Pearkes: That would give us some indication.

Mr. Chevrier: Dorval, Malton, Edmonton, Calgary, Winnipeg, Quebec, Goose, Gander, Moncton, Sydney.

Mr. Green: Lethbridge?

Mr. Chevrier: I think that Lethbridge would be affected.

Mr. Pearkes: Patricia Bay?

Mr. Chevrier: Patricia Bay, Dartmouth, the lakehead. Those are some fifteen or so airports that come to my mind. Then there are a number of military airports where jets will be operated which will also be affected. We have not given consideration to those at the moment, but we have given consideration to Uplands. There will not be any

difficulty about zoning there because that is some distance from the city.

Mr. Jeffery: Will the London airport be affected? I ask that because I recently attended a meeting of various bodies which were considering possible restrictions.

Mr. Chevrier: It would be.

Mr. Hellyer: Would the airport at Downsview be affected?

Mr. Chevrier: I think it would.

Mr. Green: Many of these airports are owned by municipalities.

Mr. Chevrier: Yes, that is right.

Mr. Green: What will be the responsibility of the municipality in connection with the payment of compensation?

Mr. Chevrier: I think that is a matter which might be considered when we are dealing with the bill. I would rather not get into that discussion on the resolution stage. There will be two divisions to the bill, one dealing with restrictions and the other dealing with compensation and I think that would be an opportune time to deal with this.

Mr. Green: Is there to be some responsibility on the municipality for the payment of compensation?

Mr. Chevrier: I would think so.

Mr. Green: The government is not paying all the compensation?

Mr. Chevrier: I hesitate to answer that at this time. I think that is really a matter which should be considered when the bill is before us.

Mr. McLure: Will this affect the airport at Charlottetown?

Mr. Chevrier: As I envisage the regulations at the moment I do not think they would affect any buildings within the restricted area at Charlottetown.

Mr. Knowles: Is this bill in any sense a two-way street? The minister made it clear that it will impose restrictions upon property around airports but will it also impose restrictions upon aircraft flying over the area around an airport?

Mr. Chevrier: It does.

Mr. Green: Is the minister sure about that? Does this bill impose restrictions on aircraft?

Mr. Chevrier: I misunderstood my hon. friend. This bill does not affect aircraft.

Mr. Green: Has any study been given to the situation at the Vancouver airport?

Mr. Chevrier: Yes, there has.

[Mr. Chevrier.]

Mr. Green: Will it affect any structures which are already up?

Mr. Chevrier: I am not able to say.

Mr. Green: Is that airport being taken over by the dominion government?

Mr. Chevrier: The status quo remains. My hon. friend is familiar with the position. I have not received any further representations from the city which knows the position of the department.

Mr. Green: What is that position?

Mr. Chevrier: I do not think this is the place to discuss it.

Resolution reported, read the second time and concurred in.

Mr. Chevrier thereupon moved for leave to introduce Bill No. 194, to amend the Aeronautics Act.

Motion agreed to and bill read the first time.

CANADIAN NATIONAL RAILWAYS

APPOINTMENT OF GEORGE A. TOUCHE AND COMPANY AS AUDITORS

Hon. J. J. McCann (for the Minister of Transport) moved the second reading of Bill No. 9, respecting the appointment of auditors for national railways.

Mr. Howard C. Green (Vancouver-Quadra): I believe this bill is in exactly the same phraseology as bills which have been passed in preceding years. If there is no change, we have no objection.

Mr. W. M. Benidickson (Parliamentary Assistant to the Minister of Transport): I thank the hon. member for Vancouver-Quadra (Mr. Green). There is no change and the remuneration has been consistent for a few years. I think members of the house are pretty familiar with the measures that are involved.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, as the parliamentary assistant and the ministers present know, it has been our view in this group for some time that it would be preferable to have the audit of the accounts of the Canadian National Railways done by the Auditor General of Canada. That is not to suggest that there is anything inadequate about the work done by the firm of George A. Touche and Company which the government has nominated for this job from time to time for quite a few years now, but we feel it would be more appropriate to have this work done by the person, together with his staff, who is the direct appointee and direct servant of the parliament of Canada.

I recognize that it would require additions to the staff of the Auditor General for him to take on this heavy work, but there is no doubt that that could be done. We are conscious of the fact that the reports which the Auditor General makes to parliament on the public accounts of the country are set up in a little different form from auditors' reports prepared by private firms such as George A. Touche and Company, either for Canadian National Railways or for any other business which they may be auditing. That seems to follow from the very nature of the case. We would expect that the only interest such a firm of auditors has is in determining whether the accounts are correct. I think the parliamentary assistant will bear me out that the printed report emanating from this firm of accountants which is laid before parliament is merely a statement that they have examined the accounts of Canadian National Railways and the various subsidiaries and have found that everything is in order. We have no doubt of that, but on the other hand I would point out that when the Auditor General reports to parliament on the public accounts he seems to go at matters in a slightly different way. I confess I am not a professional accountant, and there may be points that can be raised in connection with this matter, but it seems to me it would be more useful to parliament to have, so far as the Canadian National Railways is concerned, statements such as those that are given to us by the Auditor General with respect to the public accounts.

As the house knows, this suggestion has been made to the government on quite a number of occasions. If I may say so I think the best and most exhaustive speech in support of this proposal, the one revealing the greatest amount of research on the matter, was made some years ago by the hon. member for Coast-Capilano (Mr. Sinclair) who is now parliamentary assistant to the Minister of Finance. He urged most strongly in a very exhaustive speech some years ago that this change should be made. We have proposed it in the form of an amendment to the second reading of similar bills on a number of occasions. In view of the large number of members who are out of the house today attending important committees, the suggestion of moving an amendment at this stage would of course hardly seem appropriate. However, I again make the suggestion that the government should give further consideration to the idea of having the auditing of the accounts of Canadian National Railways done not by an outside private firm nominated by the government but by the Auditor General of Canada who is appointed by and is a servant of the parliament of this country.

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

On section 1—*Auditors.*

Mr. Knowles: May I ask the parliamentary assistant to tell us whether any further consideration has been given by the government to the suggestion that I have just repeated?

Mr. Benidickson: The suggestion that the hon. member for Winnipeg North Centre has made is one that is under constant consideration. However, I am informed that the chief competitive railway organization in this country maintains an audit by the same accounting organization. I am informed that is the consistent practice among United States railways south of the border. We have heard the suggestion that the hon. member has made in other sessions. The affairs of a railway of this size are very intricate. There are, as you know, a number of subordinate corporations and the audit involves an audit of inter-corporate associations. With all deference to what the hon. member has said, we have felt that there is more to be said for a continuous audit by a firm familiar with all the relationships of the organization rather than to change at this time.

Section agreed to.

Preamble agreed to.

Title agreed to.

Bill reported.

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

Mr. Fournier (Hull): Now.

Mr. Abbott (for Mr. Chevrier) moved the third reading of the bill.

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

GOVERNMENT EMPLOYEES COMPENSATION ACT

COMPENSATION FOR DISABILITY OR DEATH FROM CERTAIN DISEASES

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

That it is expedient to introduce a measure to amend the Government Employees Compensation Act, 1947, to extend the provision for the payment of compensation contained in section 8 of the act.

Mr. Green: Will the minister make a statement on the resolution?

Government Employees Compensation Act

Mr. Gregg: Mr. Speaker, I will be glad to make a short statement now. This amendment of the Government Employees Compensation Act, 1947, will not affect a very great number, but of course to those whom it will affect it is just as important as if thousands were involved. The Government Employees Compensation Act provides for compensation to federal government employees or their dependents where disablement or death comes as a result of industrial disease due to the nature of the employment. The right to compensation and the amount of it in each case are decided by the provincial workmen's compensation board under the statute of the province concerned. Under our federal act the term "industrial disease" is defined as follows:

> Any disease in respect of which compensation is payable under the workmen's compensation act of the province in which the disease was contracted.

This amendment is needed because the categories of diseases now included under the definition of industrial disease in the provincial workmen's compensation acts are not exactly the same in all the provinces. Thus a few diseases which are listed as industrial diseases under some provincial acts may not be recognized as such under some other provincial acts.

Because of this situation parliament included in the federal act of 1947 a provision giving authority to make regulations to provide for compensation for federal employees employed in tuberculosis sanatoria and also for nurses in the field who may get pulmonary tuberculosis owing to the nature of their employment, regardless of the province in which the disease was contracted. The present amendment is designed to cover other cases; for instance, where a federal employee may be disabled or his death caused by a disease which is due to the nature of his employment and peculiar to his occupation, but not included in the statute of the province where the disease was contracted. We feel that all such cases should receive the same treatment no matter in which of the ten provinces the employee happens to be employed at the time.

This amendment is designed in particular to cover employees in federal government laboratories, particularly animal disease laboratories and in animal disease field inspection work, where they may be exposed to virus infections in the course of their work. These diseases are not recognized as industrial diseases in the five provinces between here and the Atlantic: Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland. Presumably workers in industrial establishments in those five provinces are not exposed to the diseases in the ordinary course of their employment. Consequently there apparently has been no occasion in the past for those provinces to extend their acts to cover these cases. Federal employees so exposed will now be protected.

The proposed amendment is put forward after consultation with the provincial workmen's compensation boards and the health officers of the federal Department of National Health and Welfare as to the best way of handling these cases.

Mr. Clarence Gillis (Cape Breton South): I listened carefully to what the minister had to say in regard to what the proposed amendment means. I would judge that these are steps in the right direction and that the amendment is desirable and necessary. But there are other features about this federal compensation act on which I would like to say just a few words.

I have had the experience of handling a couple of cases under this act. One case was settled very expeditiously and satisfactorily. It had to do with a seaman, and was handled through the Minister of Transport (Mr. Chevrier). But in another case on which I was consulted here in Ottawa, concerning an employee who was entitled to compensation under this act, the result was not so satisfactory. What I am getting at is that the federal compensation act as such has no machinery of adjudication, and the average employee who may be entitled to compensation under it knows very little about the act. The adjudicator, the person who processes the claim, is a provincial government employee here in Ottawa. I am thinking particularly of the city of Ottawa at this time because most of the federal government employees are located here.

In my opinion the adjudication and processing of the claims of federal employees works all right in Prince Edward Island, Nova Scotia or Manitoba. The natural thing for such employees is to contact the nearest official. Here in Ottawa, however, the average employee knows very little about this act. Many of them do not know where to go if they have an accident or contract some disease. Finally they are sent to the provincial government representative in Ottawa and then to a doctor in this city. Then that claim has to go to Toronto for adjudication.

I am not casting any reflections upon the efficiency of those in Ontario, Nova Scotia or elsewhere who have to handle their own claims. They are familiar with their own industrial set-up; they know exactly how

the regulations apply as between industry and industry. But I think it is wrong, with the great bulk of federal employees located in this city, to have the provincial adjudicators deal with claims arising here. In view of the large number of employees in this city I believe the minister would be well advised to set up somewhere within his own department a small board that would look after the adjudication of the claims of federal employees in this city. He should also make that fact known. Then the people affected would know to whom they should apply, from whom they could get advice, and where they must go to have their claims adjudicated. That would be done by someone who understood the circumstances existing in this city, instead of being sent to Toronto for processing and adjudication. The evidence is not properly assembled; it must be done by correspondence, and all that kind of stuff. In addition I believe the federal government should have a doctor somewhere in this city to whom federal employees might report in the event of an accident or illness, in order to protect themselves under this act, so their claims would be handled from a medical standpoint by somebody in this city, someone having to do with the federal compensation act.

I am not quarrelling with the amendment. I am not quarrelling with the act. It is a good thing. I am quarrelling with the mechanics in connection with the adjudication and processing of claims on the part of federal employees. The average member who has been taking a look at this during the years he has been here will realize that quite a few people did not get the kind of deal they would have got if there had been machinery here in Ottawa to administer this act instead of having the whole thing handled by the provincial authorities. I do not think there is any similarity between the kind of problems the provincial boards have to handle and the problems that arise when federal employees suffer accidents or contract what may be construed as industrial diseases. In making his statement I think the minister himself pointed up the fact that the definition of industrial diseases in the different acts across the country is not the same, and does not always cover the kind of industrial diseases that may be covered by this act. For that reason I believe some processing and adjudication machinery should be set up here in Ottawa, together with a medical consultant, so the federal employees located in this city might be properly looked after. I say that because we have such a great number of them here, perhaps more than are employed in the average industry, and I think a request that this kind of machinery be set up is logical and reasonable. I wonder if the minister would give some consideration to it.

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

Mr. Gillis: Has the minister anything to say on my suggestion?

Mr. Gregg: As the hon. member knows, the administration of this act was transferred from the Department of Transport to the Department of Labour just two years ago. The objective, of course, in asking the various provincial workmen's compensation boards to act as adjudicators under this act was for the purpose of economy, and the fact that very effective boards are set up in the various provinces. I think that applies particularly to the province of Ontario.

For the year from April 2, 1951, to April 29, 1952, in the whole of the province of Ontario there was a total of 4,054 claims. I could get a breakdown of those as to how many were in the city of Ottawa, but the hon. member is probably able to make an accurate guess. Of those claims, 7 received pensions; 7 received compensation; 7 received full salary and 2,930 received medical aid; 16 were rejected and 4 were fatal. Other than what the hon. member has said today, it has not been brought to my attention that there were any delays in dealing with these claims, but after the representations made here I shall be glad to look into it to ascertain whether any cause for grievance in that regard does exist.

Mr. Green: Will the proposed amendment be wide enough to cover the case of a rehabilitation officer of the Department of Veterans Affairs who develops tuberculosis through contact with patients, say in one of the military hospitals? As I read section 8 of the present statute, such an employee would not be covered. It does seem that there should be some change made so that cases of that kind could be dealt with. There would probably be similar cases in the Indian affairs branch, in which some government official would come in contact with tuberculosis but would not be eligible for assistance under the act.

Mr. Gregg: Mr. Chairman, there was a special item inserted to take care of those dealing with tubercular cases, and it is my understanding that they were covered. Consequently, those in the veterans affairs department and Indian affairs branch would be covered prior to this amendment. This amendment only applies to those industrial diseases in the five eastern provinces that are mainly related to laboratories. I shall be glad to

check and make sure I am right on that, and refer to the matter when the bill is before the committee.

Mr. Green: As I read it, the act only refers to nurses and would not be wide enough to cover such a case.

Mr. Gregg: I shall check on that.

Mr. Knowles: Can the minister say whether this bill involves any changes in the rates of compensation?

Mr. Gregg: No, Mr. Chairman.

Mr. Knowles: In other words, the rates of compensation in respect of the new diseases being defined in this amendment will be the same as the rates already in the main act?

Mr. Gregg: That is correct.

Resolution reported, read the second time and concurred in.

Mr. Gregg thereupon moved for leave to introduce Bill No. 195, to amend the Government Employees Compensation Act, 1947.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Mr. Speaker, though I did not announce further business for today, I think it would be a pity if we were not to employ all our time. I would suggest that we take up the resolution standing in the name of the Minister of National Defence. I understand that there would be no objection to that resolution being considered this afternoon.

CANADIAN FORCES ACT

DISCIPLINE AND ADMINISTRATION—COURTS MARTIAL—PENSIONS, SUPERANNUATION, ETC.

Hon. Brooke Claxton (Minister of National Defence) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a bill to amend the National Defence Act to effect certain changes respecting the discipline and administration of the forces and to provide that persons who commit grave breaches of the Geneva conventions of 1949 may be tried out of Canada by court martial; to amend the Defence Services Pension Act to provide that the total emolument, by way of salary and pension, payable to a pensioner who is employed as a civil servant may be adjusted in accordance with current rates of pay and allowances of the forces and to provide that members of the forces who are otherwise eligible for pension may be permitted to count periods of full-time reserve service of a continuous duration of six months or more for the purpose of determining the amount of pension; to amend the Civil Service Superannuation Act to enable a person who served overseas with the Royal Canadian Navy during the second world war otherwise than at sea to count such service for the purpose of the Civil Service Superannuation Act notwithstanding that the time for election to count such service has expired; and to amend the Senate and House of Commons Act to make the provision respecting the eligibility of servicemen to sit as members of the House of Commons consistent with the provisions of the Canada Elections Act.

He said: Mr. Speaker, hon. members will recall that at two previous sessions bills were submitted to the house bearing the titles the Canadian Forces Act, 1950, and Canadian Forces Act, 1951. Those measures contained a number of miscellaneous provisions respecting defence. The bill which would be introduced if this resolution carried will be entitled the Canadian Forces Act, 1952, and it would follow the precedents set by the previous measures.

This bill would involve a number of amendments to the National Defence Act, Civil Service Superannuation Act, the Defence Services Pension Act and the Senate and House of Commons Act. The amendments to the National Defence Act, with one exception, are concerned with technical changes, and perhaps at this stage I do not need to go into them in any detail as hon. members can better appreciate what they are when the bill is before them. The only matter of substance proposed by way of amendment to the National Defence Act is to enable Canada to carry out obligations that we may assume under the Geneva conventions of August 12, 1949. These conventions relate to the treatment to be accorded members of the armed forces who in time of war are wounded, sick or shipwrecked, taken prisoner of war, and the protection of civilians. Under these conventions the countries signatory to them agree to provide penal sanctions and to bring alleged offenders, regardless of their nationality, before their courts. This proposed provision would enable us to do that.

The bill contains a proposed amendment to the Civil Service Superannuation Act to correct an anomalous situation wherein certain former members of the navy with service ashore overseas in the second world war may not at present allocate the amounts of their period of active service on the same basis as their army and air force counterparts. In other words, a member of the army or air force is permitted to count his service overseas for certain purposes under the Civil Service Superannuation Act, but a member of the navy who had similar service overseas is not at present allowed to count that service for the purpose of civil service superannuation.

Other clauses in the bill would amend the Defence Services Pension Act in two respects. The first amendment deals with the situation of retired officers who are on pension and who have taken up employment in the civil

service. At present these officers may receive by way of service pensions only an amount which, when added to their civil service salary, does not bring their total emoluments above the level of their pay and allowances upon their retirement from the forces. The proposed amendment would enable these retired officers, now in the civil service, to r ceive the difference between their civil service pay and the pay of their rank as it then is, which would enable them to secure the advantage of any increases in pay subsequent to their retirement. This would be achieved by providing that such civil servants could receive by way of service pension an amount that, when added to their civil service salary, does not bring their total emoluments above the current pay and allowances of the rank in which they were retired. In other words, a new ceiling would be created, namely the pay and allowances of the forces in effect from time to time as an alternative to the pay and allowances in effect upon retirement.

Perhaps I can give an illustration; it sounds quite complicated but it is not. In the department we have a retired rear admiral working as special adviser to the minister. His civil service pay was fixed at $10,000. His service pension was approximately $6,000. Hence for a full year's work, full time, he actually received $4,000 over and above what he would have received without working. The pay and allowance of a rear admiral are now increased to about $11,000. This amendment would enable this rear admiral to secure $5,000 net for his services instead of the $4,000 that he now gets.

Mr. Brooks: What would happen in case an officer were demoted?

Mr. Claxton: The person we are considering has been retired and he would not be subject to demotion. In the case of officers who retire from the armed forces, particularly those having technical qualifications, we are sometimes finding it highly desirable to continue their services as civilians after they have reached the retirement age; but there is not much inducement in their working full time and assuming the responsibilities of a heavy job unless some change is made.

Mr. Pearkes: Is this provision limited to officers only?

Mr. Claxton: I have not looked the matter up for some years, but it is my recollection that the restriction does not apply to men today. I will look it up and give an answer when we get into committee.

The second amendment to the Defence Services Pension Act would enable contributors who have had long periods of full-time reserve service to count that service as full time for the purpose of computing the amount of their pension but only if such contributors would have sufficient service to make them eligible for pension without this amendment.

There is in the bill a proposed amendment to the Senate and House of Commons Act to modernize or to bring up to date the terminology of the provisions in that act respecting the eligibility of members of the forces to sit as members of the House of Commons. At present the act refers to the non-permanent active militia and other terms which have been replaced. This would bring that terminology into line with an amendment made to the Canada Elections Act at the second session of 1951. The provision would be identical.

There are only six clauses in the bill. They are all of a technical nature except that with regard to the Geneva conventions, and I hope the house will adopt them.

Mr. G. R. Pearkes (Nanaimo): Mr. Speaker, this is rather an omnibus resolution inasmuch as it is a bill to deal with amendments to four separate acts. On hearing the resolution my first thought was this. Would it not have been better to bring in four resolutions and to have four bills, each to amend one of these various acts? To put them all together seems to me to be a rather confusing and complicated way of dealing with this particular matter. These amendments deal with subjects which range all the way from courts-martial in connection with crimes which may have been committed in connection with the Geneva conventions of 1949 down to changes in the Civil Service Superannuation Act and in the Defence Services Pension Act. Of course the matter of many retired service personnel finding employment when they have left the service and of government departments utilizing the special knowledge that service personnel have acquired through their service—as, for instance, in the example given by the minister—has always been a problem.

I see that you are looking at the clock, Mr. Speaker. As I have one or two further comments I wish to make, I would move the adjournment of the debate.

On motion of Mr. Pearkes the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Mr. Speaker, tomorrow we will go into committee of ways and means and take up the budget resolutions, I am told, in the following order: excise tax, customs tariffs, income tax and succession duty.

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

HOUSE OF COMMONS

Thursday, May 8, 1952

The house met at three o'clock.

COMMITTEES OF THE HOUSE

MARINE AND FISHERIES—CONCURRENCE IN SECOND REPORT

Mr. T. G. W. Ashbourne (Grand Falls-White Bay) presented the second report of the standing committee on marine and fisheries, and moved that the report be concurred in.

Motion agreed to.

NATIONAL FILM BOARD—CONCURRENCE IN FIRST REPORT

Mr. W. A. Robinson (Simcoe East) presented the first report of the special committee on the national film board, and moved that the report be concurred in.

Motion agreed to.

EXTERNAL AFFAIRS

Second report of standing committee on external affairs.—Mr. Bradette.

REFERENCE OF CERTAIN ESTIMATES TO COMMITTEE OF SUPPLY

Right Hon. L. S. St. Laurent (Prime Minister) moved:

That votes No. 85 to No. 115 inclusive of the main estimates for 1952-53, approved and reported upon this day by the standing committee on external affairs, be referred back to the committee of supply.

Motion agreed to.

QUESTIONS

NO. 16 REGIONAL ORDNANCE DEPOT

Mr. Thatcher:

1. Has a decision been reached to move No. 16 regional ordnance depot from Regina to Winnipeg?
2. If so, on what date, and for what reason?
3. How many personnel will be transferred?

Mr. Blanchette:

1 and 2. While no final decision has been made, additional ordnance depots are required to meet the needs of the Canadian Army, and consideration has been given to the location of regional depots adjacent to the respective command headquarters. If this is proceeded with, No. 16 regional ordnance depot in Regina would become an area ordnance depot for the Saskatchewan area on a basis similar to that of other area ordnance depots.

3. If this proposed change is proceeded with, it would now appear unlikely that it would be necessary to transfer any personnel.

ARMED FORCES—OFFICERS TRAVELLING BY AIR

Mr. Diefenbaker:

1. How many officers in the armed forces travelled by T.C.A. since the first day of January, 1951, on official business?
2. What is the total of expenditure paid or incurred in such transportation?

Mr. Blanchette:

1. Officers in the armed forces made 5,910 trips by T.C.A. between January 1, 1951 and March 31, 1952.

2. $735,134.95.

COST OF LIVING INDEX

Mr. Diefenbaker:

1. What are the particulars of the composition of the present cost-of-living index?
2. What are the various elements making up the present cost-of-living index?
3. In the prospective cost-of-living index, what changes are going to be made as far as the addition of further elements is concerned, or the removal of any now included?

Mr. McIlraith:

Composition of the present cost of living index:

1. Purpose. The dominion bureau of statistics cost of living index measures the influence of changes in retail prices of goods and services, upon the cost of a representative urban wage earner family budget.

Each index figure is a percentage which shows the relationship between the dollar cost of the index budget at a specified time, and the corresponding cost of the same budget in a reference period. The bureau's reference period now is the five-year interval 1935 to 1939, and the average cost of the index budget for this period is represented by 100·0. The comparable cost at March 1, 1952 was 189·1 per cent of its base period cost. This figure of 189·1 becomes the cost of living index for March, 1952.

The index budget. The index budget was calculated from annual purchases reported by a group of 1,439 typical wage earner families in the following cities: Charlottetown, Halifax, Saint John, Quebec, Montreal,

Ottawa, Toronto, London, Winnipeg, Saskatoon, Edmonton and Vancouver. These expenditures covered the year ending September, 1938.

The survey families averaged 4·6 persons and the majority had two or three children. Family earnings in many cases were supplemented by minor sources of income; total incomes for these families were heavily concentrated between $1,200 and $1,600. They ranged, however, from as low as $600 up to about $2,800 per annum. There were approximately two tenant families to every one home-owning family, and about one family in three operated a motorcar.

Urban wage earner family annual living expenditures

(Year ending September 30, 1938)

Budget group	Expenditure averages $		Percentage distribution P.c.	
Food	443·0		31·3	
Shelter	269·5		19·1	
Fuel and light	90·5		6·4	
Clothing	165·8		11·7	
Home furnishings	125·7		8·9	
Miscellaneous	319·4		22·6	
Health		60·8		4·3
Personal care		23·9		1·7
Transportation		79·3		5·6
Recreation		82·1		5·8
Life insurance		73·3		5·2
Total	1,413·9*		100·0	

*Directly represented in the index. Other miscellaneous outlay brought the total family living expenditures to $1,453·8.

Group index numbers

The index budget is divided into six expenditure groups for which separate indexes are calculated; these are foods, fuel and light, rent, clothing, home furnishings and services, and miscellaneous items. Each group contains a list of items sufficiently large to make it representative of the merchandise field covered. It would be possible to add many more minor items without affecting the movements of the composite cost of living index by any significant amount. These additions would lengthen the time required to calculate the index and impose a greater burden upon firms making price reports, without improving the accuracy of the index. In many cases accuracy might be reduced, as comparisons on a quality basis are not possible over a long period. This would be true of style merchandise such as women's hats. The cost of all these omitted items is included in group weights, which represent all expenditures falling within the six groups noted above. The base period food weight of 31 per cent, for example, was calculated from total food costs reported by survey families, although the food index includes only 46 items which represent about 75 per cent of a representative family's food expenditure.

Foods. Prices used in calculating food indexes are collected on the first business day of each month from approximately 1,600 stores covering independent and chain grocers and butchers. Quotations for each of the 46 budget items are averaged and then multiplied by the budget quantity for each individual item to find the cost for that item. These individual cost figures are added together to find the total cost of the food budget; this figure is then expressed as a percentage of the corresponding reference period cost to produce the food index.

Fuel and light. Separate indexes are calculated for coal, coke, gas and electricity. The two last mentioned are reckoned from monthly bills for quantities which are typical of consumption in the cities represented. The bill for each city is weighted by the number of domestic consumers in order to calculate dominion indexes. The coal index also takes account of typical amounts consumed in different areas and of the population of each city represented in the index. Price changes

for coal are related to kinds used in the greatest quantity in each area.

Shelter. Changes in shelter costs are determined by movements of rents. Since 1948 changes in shelter costs have been determined by data obtained from rent surveys inaugurated by the special surveys division of the dominion bureau of statistics. The surveys are taken four times a year, in March, June, August and November. The rent index is calculated from a matched sample of households. That is, the aggregate rent paid by a group of households at a given point in time is compared with the aggregate rent paid by the same group of households for the same living quarters at the next point in time. By using a matched sample for each survey period, variations due to changes in the sample and to non-response are eliminated. The index is, therefore, a measure of the change of rent paid for the same accommodation. Rent reported is the cash rent paid in all cases regardless of minor changes in the services provided. Serious difficulties are involved in attempting to assess the money value of services, such as those provided by janitors, and it is not practical to attempt to adjust the index for variations in the amenities or services provided by the landlord. However, when there are changes in the amount of accommodation or space rented, the cases are eliminated from the comparison. Rent for commercial premises is specifically excluded from the calculation of the index. Thus, cases in which the rent covers both living quarters and commercial space are excluded from the aggregates from which the index is calculated. Usually, the rent index is not adjusted until one month after each survey period.

Clothing. The clothing index has been based upon a carefully selected list of men's and women's apparel. It includes no children's clothing, and omits some items of adult clothing which are of considerable importance, such as women's dresses for afternoon and evening wear, women's hats, men's hats and gloves. Unusual difficulties in maintaining continuous price series on the same quality of goods occur in clothing due to style and seasonal changes which must be excluded from price comparisons based upon quality. The items in the clothing index have been selected to represent the basic materials entering into clothing in approximately the same proportions as they would be found in a complete clothing budget. Some of the items chosen to represent basic materials form a comparatively small portion of a complete budget, but are useful in measuring clothing price trends because of their standard construction. Women's woollen hose afford an example of such items. The index contains 33 items of clothing, piece goods and footwear, and price series for these have been examined individually over a period of years to test their reliability. Most apparel now is composed of six basic materials, cotton, wool, rayon, nylon, leather and rubber. The bureau uses a clothing list of 33 items with the knowledge that a limited but accurate price series will measure the trend of clothing prices better than a large list including items which fluctuate widely in price due to style and seasonal factors. Department stores are the source of bureau clothing prices. These distributors handle approximately one-third of the dominion's clothing trade, and make monthly price returns to the bureau, especially designed for the cost of living index.

The bureau of statistics is concerned not only with the accuracy of prices reported, but also with the comparative quality of goods priced from month to month. It considers a decline in quality to have the same effect upon living costs as a rise in price. Field representatives have been given special instructions and training regarding this matter, and price schedules for clothing and home furnishings have been specially designed for the reporting of quality changes in addition to the recording of comparative prices.

Home furnishings and services. The home furnishings and services index is a composite of nine subgroups, including two sets of service costs in addition to actual furnishings. The nine subgroups are: furniture, electrical equipment, floor coverings, textiles furnishings, hardware, dishes and glassware, cleaning supplies, laundry and telephone. The complete group accounted for 9 per cent of the base period index budget cost, placing it next to clothing in importance. It is similar to clothing also in many details of construction. The data for furniture, electrical equipment, floor coverings, textile furnishings, hardware, dishes and glassware are obtained from department stores and the same principle of the representation of basic materials by a comparatively small number of items is used. There are 8 items of furniture, 3 of electrical equipment, 3 of floor coverings, 4 of textile furnishings, 6 of hardware, 2 of dishes and glassware, 4 of cleaning supplies, 3 laundry rates, and one type of telephone service.

Miscellaneous. Five subgroups, health maintenance, personal care, transportation, recreation and life insurance comprise the miscellaneous index. This list does not exhaust all remaining family living expend-

itures, but most of those which are left, such as church contributions, support of dependents, etc., cannot be treated in the same way as items which are bought and sold. The index takes no account of these items which amounted to only 3 per cent of average wage-earner family living expenditures reported in the bureau's 1938 survey.

The health section is based upon prices for 6 items of household medical supplies, 2 kinds of hospital service, 3 types of doctors' fees, and rates for 6 types of dental service. In view of the stability of fees for doctors, dentists and hospitals, these records are collected only at annual intervals, while medical supplies are priced quarterly. Records of practically all miscellaneous subindexes are collected from 23 of the larger cities, chosen to give adequate regional representation.

Personal care costs are represented by 9 items of toilet requirements plus fees for men's haircuts and shaves.

Three kinds of transportations are represented in the transportation subgroup: motor car, street car and railway. The two latter present no special problems, but motor car operating costs are more difficult to measure. The bureau's record is based upon service station prices of gasoline, licence fees, tires and wage rates for garage mechanics. It is assumed that depreciation is 35 per cent of operating costs, and that for car owners as a group it remains constant from year to year.

The recreation section includes records of motion pictures theatre admissions, and newspaper, magazine and tobacco costs.

The life insurance index is based upon premiums for ordinary non-participating life policies, since these appear to give the closest possible approximation to the cost of pure risk. Averages of premiums for ages 20, 35 and 50 years have been used covering the records of 11 large companies.

The Cost of Living Index Calculation

There are two stages in the calculation of each of the six principal group indexes from which the composite number is calculated. In the first stage, the general procedure is to multiply current price averages by budget quantities. These products are added together and the resultant aggregate divided by a corresponding base period aggregate. This number is multiplied by 100·0 to secure a subgroup index for the current period. The index is then multiplied by a subgroup weight indicative of the cost of goods in this subgroup relative to all goods in the group. When all subgroups have been weighted similarly, the group index is found by adding up this second set of products and dividing by 100·0. This routine is repeated to secure the final composite cost of living index. The second and third stages of weighting are made necessary by the fact that it is not feasible to include all items in the family budget.

2. Elements Making up the Cost of Living Index
(The Weighting System)

—	Commodity Weights	Subgroup Weight	Group Weight
	(Weekly Quantities)		
A. Food			31
1. Chain Stores		1	
2. Independent stores		2	
Dairy products			
Milk	10·5 qts.		
Butter	2·8 lbs.		
Cheese, ½-lb. pkg	0·8 pkgs.		
Eggs	1·4 doz.		
Meats and fish			
Sirloin steak	0·5 lbs.		
Round steak	0·9 "		
Rolled rib roast	0·7 "		
Blade roast	1·1 "		
Stewing beef	1·0 "		
Veal	1·0 "		
Lamb	0·3 "		
Pork, fresh loins	1·5 "		
Pork, fresh shoulder	1·0 "		
Bacon, rind-off	0·7 "		
Fish	0·8 "		
Vegetable shortening	0·8 "		
Lard	0·2 "		

Questions

Elements Making up the Cost of Living Index—Con.

—	Commodity Weights	Subgroup Weight	Group Weight
	(Weekly Quantities)		
A. Food—			
Cereals			
Bread	12·1 lbs.		
Flour	2·9 "		
Rice	0·3 "		
Rolled oats	0·5 "		
Corn flakes, 8-oz. pkg	1·3 pkgs.		
Dry Groceries			
Granulated sugar	4·2 lbs.		
Yellow sugar	0·6 "		
Tea, ½-lb. pkg	0·8 pkgs.		
Coffee	0·2 lbs.		
Cocoa, ½-lb. tin	0·2 tins		
Salt	0·5 lbs.		
Vegetables			
Beans, dried	0·4 lbs.		
Onions	0·8 "		
Potatoes	12·0 "		
Canned tomatoes, 2½'s	0·6 tins		
Canned peas, 20 oz	0·6 "		
Canned corn, 20 oz	0·3 "		
Cabbage	1·0 lbs.		
Carrots	1·5 "		
Turnips	1·0 "		
Fruits			
Raisins	0·3 lbs.		
Prunes	0·1 "		
Strawberry jam	0·6 "		
Marmalade	0·1 "		
Canned peaches, 15 oz	0·2 tins		
Corn syrup, 2-lb. tin	0·25 "		
Lemons	0·1 doz.		
Oranges	0·7 "		
Bananas	1·2 lbs.		
B. Rentals	.....	.....	19
C. Fuel and Light	.....	.....	6
Coal	.....	42	
Coke	.....	11	
Gas	.....	14	
Electricity	.....	33	
	(Annual Replacement Allowances)		
Clothing	.....	.....	12
Men's Wear	.....	41	
Overcoats	0·2		
Top coats	0·2		
Suits	0·8		
Sweaters	0·4		
Overalls	1·0 pairs		
Socks	9·0 "		
Underwear, athletic	1·5 sets		
Balbriggan combinations	1·0 "		
Underwear, winter	1·0 "		
Pyjamas	1·0 pairs		
Shirts, work	1·0		
Shirts, broadcloth	2·5		
Trousers, work	0·7		

Elements Making up the Cost of Living Index—Con.

—	Commodity Weights (Annual Replacement Allowances)	Subgroup Weight	Group Weight
Women's Wear		36	
Top Coats, fall and winter	0·3		
Top Coats, spring	0·2		
House dress	1·5		
Slips, rayon	2·5		
Hosiery, rayon	2·0 pairs		
Hosiery, woollen mixture	3·0 "		
Hosiery, nylon	5·8 "		
Pantie, rayon	5·0 pairs		
Pantie, woollen mixture	1·0 "		
Nightgown, cotton	0·7 "		
Nightgown, rayon	1·6		
Piece Goods		4	
Cotton dress print	3·0 yards		
Wool cloth	0·3 "		
Flannel	0·2 "		
Celanese or rayon material	0·7 "		
Flannelette	2·0 "		
Footwear		19	
Men's work boots	2·0 pairs		
Men's oxfords	0·7 "		
Men's rubbers	3·5 "		
Women's shoes	2·0 "		
E. Home Furnishings and Services			9
Furniture		25	
Dining room suite	0·06		
Bedroom suite	0·06		
Kitchen table	0·08		
Kitchen chairs	0·20		
Studio couch	0·05		
Bed springs	0·05		
Mattress	0·16		
Chesterfield suite	0·05		
Floor Coverings		7	
Axminster rug	0·04		
Congoleum rug	0·15		
Linoleum	1·70		
Furnishings		11	
Sheets	1·0		
Towels, cotton terry	3·0		
Blankets, all wool	0·5		
Table oil cloth	0·4		
Electrical Equipment		24	
Washing machine	0·03		
Radio	0·15		
Refrigerator	0·02		
Hardware		3	
Frying pan	0·2		
Saucepan, enamel	0·25		
Saucepan, aluminum	0·25		
Garbage can, galvanized	0·25		
Kitchen broom	1·0		
Kitchen pail	0·2		
Dishes and Glassware		2	
Set of dishes	0·1		
Glass tumblers	2·0		
Cleaning Supplies		13	
Laundry soap	24 bars		
Soap flakes	24 pkgs.		
Abrasive cleansers	9 cartons		
Ammonia, powdered	2 pkgs.		

Questions

Elements Making up the Cost of Living Index—Con.

—	Commodity Weights	Subgroup Weight	Group Weight
	(Annual Replacement Allowances)		
Laundry		3	
Sheets, Towels, Men's shirts (geometric average)			
Telephone		12	

—	Commodity Weights	Per cent of Subgroup Weight	Subgroup Weight	Group Weight
	(Annual replacement allowances)			
F. Miscellaneous Items				23
1. Health			17	
(a) Medicines		23		
Aspirin tablets, box of 12	1·3 boxes			
Epsom salts	0·7 lbs.			
Boracic acid, 2 ozs	0·3 pkgs.			
Tincture of iodine, 2 oz	0·7 bottles			
Zinc ointment, 1 oz	0·7 tins			
Cod liver oil	1·3 bottles			
(b) Hospital Charges	Ratio	17		
Semi-private room	1			
Public ward bed	1			
(c) Doctors' Fees		42		
Office consultation, Ordinary day visit, Ordinary confinement (geometric average)				
(d) Dentists' Fees		18		
Amalgam filling, Porcelain filling, Gold filling, Upper and lower dentures, Ordinary extraction, Prophylaxis (geometric average)				
2. Personal Care			9	
(a) Personal Cleaning Supplies		58		
Talcum powder	1·3 tins			
Tooth paste	21·7 tubes			
Tooth brushes	8·7			
Shaving cream	5·0 tubes			
Toilet soap	52·2 bars			
Petroleum jelly	1·3 jars			
Razor blades, pkgs. of 5	13·1 pkgs.			
Cleansing tissue, med. pkg	6·0 pkgs.			
Sterilized gauze, 5 yds	1·0 rolls			
(b) Barbers' Fees	Ratio	42		
Haircut (men's)	5			
Shave	2			

Elements Making up the Cost of Living Index—Con.

—	Commodity Weights	Per cent of Subgroup Weight	Subgroup Weight	Group Weight
	(Annual Replacement Allowances)			
F. Miscellaneous Items				
3. Transportation			26	
(a) Motor operating costs		67		
	Percentages			
Gasoline	42			
Repairs and maintenance	9			
Licenses	8			
Depreciation	35			
Tires	6			
(b) Rail fares		4		
(c) Street car fares		29		
4. Recreation			26	
(a) Theatre admission		23		
(b) Newspaper costs		22		
(c) Magazine costs		4		
(d) Tobacco costs		51		
Cigars, Cigarettes, Cut tobacco	geometric average			
5. Life insurance			22	

3. Addition of Further Elements to the Prospective Index, and the Removal of Old Ones

Final decisions remain to be made on a few items in the new budget, but in total the new index will be calculated from prices of approximately 225 items as compared with the present list of 160. Additions to foods will include a considerable number of fresh fruits and vegetables; and items of children's wear will be added to the clothing index. In addition to rents it is planned to price the principal home-ownership costs if certain technical difficulties can be overcome. Fuel oil will be added and the list of household equipment and services has been expanded. The Other Commodities and Services index will include a number of additional items, in particular, a wider representation for transportation and recreation. Life insurance premiums will be dropped because they include a large element of savings, while the other major element, risk, is related to future rather than current purchasing power measurements. Additional information concerning the new consumer price index will be found in the attached statement.

[Mr. McIlraith.]

The New Consumer Price Index

(Reprinted from the Daily Bulletin, March 14, 1952, for your information)

During the latter half of 1951 the dominion bureau of statistics held numerous meetings with groups and organizations to explain and discuss the plans for the revised index which is to be renamed more accurately the consumer price index. The groups and organizations included not only a wide variety of interests but also competent technical opinion. They represented consumers, labour, management, farmers, and professional economists. In addition, it has been possible to discuss the most up-to-date techniques for constructing consumer price indexes with experts of several countries which have highly developed statistical organizations. During the course of these discussions it was decided to use 1949 as a base period and work resulting from this decision will require several months to complete. Therefore, publication will not commence before the summer of 1952, at which time a comprehensive explanation of the index will be issued. The present statement outlines briefly some of the main features which appear to have wide public interest.

Purpose and title.

The main purpose of the revision has been to bring up to date the list of items and quantities included in the index budget and to place the series on a post-war base. Thus there will be no change in the fundamental purpose of the index which is to measure changes in the prices which the consumer pays for goods and services.

While the title, "cost-of-living index", has historically been used to describe indexes which serve this purpose, it has proved confusing, and will therefore be changed to "consumer price index". This change in title is one which is being adopted widely in other countries and is made to clarify the real purpose of the index, that is, to measure changes in prices of a representative basket of goods and services.

Base period.

The post-war period selected as the base for the new index is the calendar year 1949, and the index for that year will be 100. Since prices were higher in 1949 than they were in the period 1935-39, which is the base of the present index and which now equals 100, the new index numbers will be lower, of course, than if they were on the 1935-39 base. This does not mean that prices have risen less; the percentage change in the price level shown by the new index would be the same from month to month whichever base is used.

The index budget.

In determining the items to be included in the budget it was first necessary to decide what families should be selected from the nation-wide sample of household expenditures collected for the year ending September 1948, and supplemented by four food surveys in October 1948 and March, June and September 1949. The new index has been designed to reflect the experience of families located in 27 cities, each having more than 30,000 population. They ranged in size from two adults to two adults with four children and the annual incomes of these households during the survey year ranged from $1,650 to $4,050 with the majority of incomes between $2,000 and $3,000.

The income and size limitations were selected to secure a wide coverage within which expenditure patterns could be adequately represented by the same price index. The families have not been restricted to those with wage earner heads. Actual tests showed that expenditure patterns of households with wage earner heads were almost identical with those of other urban families within the same size and income

Questions

ranges. This is not surprising when it is considered that wage earners and non-wage earners are found living on the same streets, buying in the same stores, and generally living in the same manner. It was thus possible to include families with all types of income, without making the index less representative of wage earners.

Although there have been considerable changes between pre-war and post-war purchasing habits, the general pattern of spending has altered surprisingly little. Changes in the classification of items to give more useful group indexes prevent exact comparison of the old and new index patterns, but the degree of similarity can be judged from the following summary table. The new household operation group compares roughly with a combination of the two series for fuel and light and home furnishings and services. Likewise, the new other commodities and services group contains many of the items listed in the present index under miscellaneous.

Group Base Weights of New and Old Indexes

Budget Group	New index per cent	Old index per cent
Foods	32	31
Clothing	11	12
Shelter	15	19
Household operation	17	
(Fuel and light	6)	
(Home furnishings and services	9)	15
Other commodities and services	25	
Miscellaneous		23
Total	100	100

Final decisions remain to be made on a few items in the new budget, but in general the changes to be made can now be stated. In total the new index will be calculated from prices of approximately 225 items as compared with the present list of 160. Additions to foods will include a considerable number of fresh fruits and vegetables; and items of children's wear will be added to the clothing index. In addition to rents it is planned to price the principal home-ownership costs if certain technical difficulties can be overcome. Fuel oil will be added and the list of household equipment and services has been expanded. The other commodities and services index will include a number of additional items, in particular, a wider representation for transportation and recreation. Life insurance premiums will be dropped because they include a large element of savings, while the

other major element, risk, is related to future rather than current purchasing power measurements.

Joint publication of the old and new series. The substitution of any new statistical series for an old one almost invariably leads to some confusion. Cost of living or consumer price indexes are used for numerous purposes, including the adjustment of wages. It seems advisable, therefore, to make available for some months, both the old series and the new. However, it is not the intention to continue the old series after the end of 1952.

USE OF ARMY BUSES OUT OF OTTAWA

Mr. Ferguson:

1. For what purpose were army bus 103, licence No. 6011F, and army bus 105, licence No. 6115F, used on the 2nd day of May, 1952?
2. Were they used out of Ottawa on the 2nd day of May, 1952?
3. If so, what trips were made, and what was the total mileage?
4. At whose request were such trips made?
5. What was the nature of the military duties on which they were engaged?
6. Was any charge made for the use of the buses for such trips?
7. Are similar arrangements to those made in this case available in every part of Canada?
8. If not, what are the conditions under which applications for such arrangements can be made?

Mr. Blanchette:

1. Transporting Royal Canadian Army cadets of Finch high school, Finch, Ontario.

2. Yes.

3. From Finch, Ontario to Ottawa and return. Total mileage on each bus was 185 miles.

4. Headquarters Eastern Ontario area, Kingston, Ontario.

5. Visit war museum and House of Commons.

6. No charge was made.

7 and 8. Transport to assist in carrying out training programs is provided for Royal Canadian Army cadets in all parts of Canada where it can be made available.

QUESTIONS PASSED AS ORDERS FOR RETURNS

ARMED FORCES—ENLISTMENT OF WOMEN—PURCHASES OF WOMEN'S SHOES

Mr. Diefenbaker:

1. How many women, as of this date, are enlisted in the armed services?
2. How many pairs of shoes for women have been purchased or ordered by the government from June 1, 1950, month by month, to date?

[Mr. McIlraith.]

ORDERS IN COUNCIL

Mr. Diefenbaker:

How many orders in council have been passed (a) during the year 1951; (b) since the first day of January, 1952?

Mr. St. Laurent: Return tabled.

LIVESTOCK

FEDERAL AND PROVINCIAL EMBARGOES ON SHIPMENTS

On the orders of the day:

Mr. P. E. Wright (Melfort): I wish to direct a question to the Minister of Agriculture. Has the Manitoba government lifted its embargo on the shipment of livestock from Saskatchewan to the Winnipeg stockyards? Has the federal government removed its embargo on shipments of livestock from the Winnipeg stockyards to eastern Canada?

Right Hon. J. G. Gardiner (Minister of Agriculture): The Manitoba embargo is, I think, only against cattle. They lifted the embargo against sheep and hogs. There has been an embargo in connection with the quarantine with respect to Winnipeg on the movement of cattle past Winnipeg since the first outbreak.

Mr. Wright: That is still on?

Mr. Gardiner: It is still on.

Mr. Coldwell: That is federal?

Mr. Gardiner: Yes.

Mr. Harkness: What embargoes or orders affecting the marketing or moving of livestock are now in effect in Alberta? What measures have been taken by the minister and his department to untangle the chaotic situation reported by this morning's papers to exist there?

Mr. Gardiner: I think I stated yesterday—if I did not, I will state it now—that we have a definite understanding with all the provinces that we shall be permitted to exercise even the authority which the provinces think is their responsibility with respect to the marketing of meat as long as the United States embargo remains in effect. This arrangement has been functioning fairly satisfactorily.

Occasionally we have representations made by the provinces to the effect that something that is being done is not working as smoothly as it might. There was an arrangement made between the packing houses at Edmonton, Calgary, I think Lethbridge, and Vancouver, a day or two ago with our consent and more or less under our direction. Instructions were issued to both railways yesterday in the same terms. One railway interpreted them

a little differently from the other. One railway kept on shipping meat and the other did not. This was reported to us, and inside of a few hours at the outside they were both operating in the same way, namely, taking beef through to Vancouver. How the article got into the newspapers without the correction I do not know, but the whole matter was settled yesterday and there were no difficulties such as were outlined in the papers this morning for any length of time whatsoever.

Mr. Harkness: Does the minister mean live beef or dressed beef?

Mr. Gardiner: I mean dressed beef.

BEEF AND PORK

SURPLUS OF GOVERNMENT PURCHASED STOCKS—SUGGESTED GIFT TO GREAT BRITAIN

On the orders of the day:

Mr. Carl O. Nickle (Calgary West): I wish to direct a question to the Minister of Agriculture. In view of the increasing seriousness of the problem of surplus beef and pork piling up in government purchased stocks in western Canada, the probability that the United States market will be closed for some time—

Some hon. Members: Question.

Mr. Nickle: —and the fact that Britain lacks the dollars to purchase Canada's beef and pork surplus—

Some hon. Members: Question.

Mr. Speaker: Order.

Mr. Nickle: —is the government now prepared to consider a substantial gift to Britain of a portion of this surplus pork and beef?

Right Hon. J. G. Gardiner (Minister of Agriculture): I am not in a position to answer the question, other than to say that arrangements are being made to handle meat which I think will turn out to be satisfactory.

FUR SEALS

DISTRIBUTION OF CATCH—RESTORATION OF JAPANESE SHARE

On the orders of the day:

Hon. R. W. Mayhew (Minister of Fisheries): On April 8 the hon. member for Queens (Mr. McLure) asked the following question:

Is consideration being given to Japan's claim to the restoration of that country's share in the Alaska fur seal catch and treaty? If so, to what extent will this affect the proportion of the skins that Canada now receives, and has the United States government been acquainted with the matter?

I understand that Japan has expressed its hopes to the United States government that negotiations for a new pelagic fur sealing treaty might be initiated at the earliest possible date. Preliminary to considering the Japanese request, the United States government has organized a scientific investigation for the purpose of obtaining scientific data concerning the distribution, migration and feeding habits of the fur seals of the north Pacific ocean, which might be useful in the formulation of a fur seal treaty. Two Canadian scientists have been assigned to participate in the investigations, which are now in progress.

NATURAL GAS

QUESTION AS TO EXCHANGE BETWEEN CANADA AND THE UNITED STATES

On the orders of the day:

Mr. Carl O. Nickle (Calgary West): I wish to direct a question to the Minister of Trade and Commerce. Has the government negotiated with, or is it now prepared to initiate negotiations with, the United States government in order to determine whether or not a large-scale long-term firm agreement is feasible for exchange of natural gas between Canada and the United States?

Mr. Speaker: Order. I think this is a question that should be placed on the order paper. May I again remind hon. members that questions asked on the orders of the day should be for the purpose of securing information and should state only such facts as may be necessary to make the question intelligible.

WAYS AND MEANS

The house in committee of ways and means, Mr. Beaudoin in the chair.

EXCISE TAX ACT

Resolved, that it is expedient to introduce a measure to amend the Excise Tax Act and to provide:

1. That the excise tax on goods enumerated in schedule I of the act that are at present subject to the rate of twenty-five per cent be reduced to fifteen per cent.

2. That the excise tax on furs and articles manufactured of fur be reduced from twenty-five per cent to fifteen per cent.

3. That the excise tax on soft drinks be reduced from thirty per cent to fifteen per cent and that there be assessed, levied and collected an excise tax of fifteen per cent on preparations for household use in making soft drinks.

4. That the excise tax on stoves, washing machines and refrigerators be repealed.

5. That the excise tax on carbonic acid gas be reduced from fifty cents to twenty-five cents per pound.

6. That the excise tax on cigarettes be reduced from two and three-quarter cents to two cents for each five or fraction of five cigarettes contained in each package.

Excise Tax Act

7. That the excise tax on manufactured tobacco be changed from five cents per ounce or fraction of an ounce to eighty cents per pound.

8. That the excise tax on Canadian raw leaf tobacco be reduced from one and one-quarter cents per ounce or fraction of an ounce to eight cents per pound.

9. That the sales tax on the following goods be repealed:

(a) drinks prepared from milk or eggs;
(b) preserved fruits;
(c) cooking oils and salad oils but not including mayonnaise or salad dressing;
(d) baling wire for baling farm produce;
(e) steel pens for farm animals;
(f) preservatives for use exclusively in treating nets, ropes and lines used in the fishing industry;
(g) clays and earth for use exclusively as filtering materials in the refining of petroleum oils;
(h) goods enumerated in customs tariff items 411a, 437, 476b.

10. That any enactment founded upon this resolution be deemed to have come into force on the ninth day of April nineteen hundred and fifty-two.

Mr. Macdonnell (Greenwood): The parliamentary assistant will know that it is in no personal sense that I begin by asking whether we are to deal with these resolutions without the benefit of the minister. We have raised that question before, and I raise it again now.

An hon. Member: Louder.

Mr. Macdonnell (Greenwood): I am asking whether we are to deal with these resolutions without the benefit of the minister.

An hon. Member: Don't you think the parliamentary assistant is qualified?

Mr. Macdonnell (Greenwood): I take it the answer is yes. First of all I should like to ask whether it is proposed to deal with these proposals seriatim or whether the whole is to be regarded as one resolution.

The Chairman: If it is the unanimous wish of the committee that we study these resolutions paragraph by paragraph, of course we will follow that course. Perhaps the hon. member would indicate his idea as to how we should proceed. Is it the wish of the committee that we consider this resolution paragraph by paragraph?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Sinclair: This has been decided in the past. We have four resolutions here, one dealing with the Excise Tax Act, one with the Excise Act, one with income tax and one with succession duties. For convenience they are broken down into paragraphs. The practice has been to consider them paragraph by paragraph; but taking the excise tax resolution as an example, the vote will be on the resolution as a whole.

So far as the other point is concerned, I rather anticipated that it would be raised so I looked up the record to see how these budget resolutions have been piloted through the house in recent years. I find that when the present Minister of Finance was parliamentary assistant to Mr. Ilsley in 1944 and 1945, he did the job of piloting the resolutions through. After all, they are only indications in principle of the changes which will be presented to the house later in the various bills amending these acts. I have been assistant to the present minister for four budgets now, and on each of those occasions it has been the practice to have me discuss the resolutions. In his budget speech the minister spent considerable time on the principle, and of course later when the bills are before the house he will be here to deal with them in detail.

Getting back to the original point on how we will consider these resolutions we have had a vote in this house on this very matter. We have before us four resolutions, each of which is divided into various paragraphs; but the actual vote will be on each entire resolution, not on any paragraph of any one of them.

Mr. Riley: I would like to ask the parliamentary assistant if he intends to proceed with these resolutions in the absence of the leader of the opposition.

Mr. Graydon: I understand that in the Department of National Revenue, particularly in the customs and excise division, there is a different method of paying employees for overtime from that followed in connection with the regular monthly or semi-monthly cheques. My information is that in some instances these employees have to wait a very long time for their overtime pay. Will the parliamentary assistant look into that matter and give the committee any information he can find, at an appropriate time? I would like him to indicate how long they have to wait for their overtime pay, and whether there is not some method by which that difficulty could be remedied so that they could get their overtime pay in the ordinary way when they get their regular cheques.

Mr. Sinclair: Of course this question has nothing whatever to do with the four resolutions now before the committee, nor with the Department of Finance. It is a question which can be quite properly asked of the Minister of National Revenue when his estimates are before the committee, because it is purely a matter of administration within that department.

Mr. Graydon: Then perhaps my hon. friend would be a kind of honorary messenger for me and see that this request gets to the right place.

Mr. Knowles: I wonder if I might say a word about the procedure we are following in connection with these budget resolutions. I recognize the correctness of the statement made by the parliamentary assistant to the effect that on at least two previous occasions, if not more, the house has decided by a vote that there must be only one vote on the entire resolution, no matter how many paragraphs it contains. No one in this committee will suggest that I agreed with that decision. I disagreed with it strongly; I still think the house made an incorrect decision, but we seem to have no alternative but to abide by it.

Nevertheless I think we must all recognize that it would lead to a most disorderly debate if we were to wander all over the eight or ten paragraphs into which, in the language of the parliamentary assistant, some of these resolutions are broken down. So I suggest that even if we are not given the right to vote on these paragraphs seriatim, they should be discussed seriatim so that it will be in some sort of order. I would urge, Mr. Chairman, that you find some language on the basis of which you could call for the discussion of these various paragraphs one at a time.

One other point has been mentioned, and I would like to say a word on it while I am on my feet. I recognize the fact that in a good many sessions it has been the practice for the parliamentary assistant to do some of the work of the Minister of Finance, particularly at this stage of the budget proceedings. After all, that is what parliamentary assistants are for, to take some of the load off the shoulders of their ministers. I suggest that with respect to some of these resolutions, at least with respect to some of the paragraphs in some of these resolutions, pretty important issues are involved. I would hope that if we reach an issue about which some of us feel pretty strongly, the discussion might be allowed to stand until we can have the minister here.

I hope you will not call me to order if I mention, merely as an example of what I now have in mind, paragraph 5 of the resolution respecting the Income Tax Act. It has to do with medical expenses. As the parliamentary assistant knows, we have already had considerable discussion about that matter in this house, and on one or two occasions he spoke for the Minister of Finance. As the house knows, we got into considerable confusion over that whole matter; and I feel that when we reach that subject we should have the right to discuss it not with the parliamentary assistant but with the responsible minister himself.

That is the paragraph about which I feel most strongly. There may be other items in these resolutions about which other members feel strongly; and I suggest that while it would be in order for us to proceed to discuss some of these matters with the parliamentary assistant, if hon. members really want to discuss important issues with the Minister of Finance, that is our right and privilege.

Mr. Macdonnell (Greenwood): I want to add just a word on the question of method. Some of us felt very strongly last year that the decision to take the items concerning the Excise Tax Act, for example, in one resolution worked, shall I say, an unfairness from our point of view, because it meant that members had no opportunity to indicate their objection to any particular item without voting against the whole resolution. However, that was done last year. I am not going to pursue the matter further now except to say that I do not think it should be regarded in any way as being accepted as a precedent. For my part I am merely refraining from putting it to the test at the moment.

I do not propose to make any extended preliminary remarks concerning the Excise Tax Act. After all, we have here in a measure an act of repentance; and repentance, as far as it goes, is an attractive thing. Even though the minister is not here to receive our congratulations on his repentance, we will, as I say, go that length with him.

With regard to the sales tax, of course there was no repentance there. We have a gesture here under paragraph 9 concerning certain articles on which the sales tax has been repealed, and when we come to that paragraph I hope to find out just what that means and just what the amounts involved are. In the meantime, I should like to ask, under paragraph 1, what is the amount involved? What amount was collected under that, and what is it expected we shall realize under the new rate?

Mr. Coldwell: Is the parliamentary assistant going to answer that now?

Mr. Sinclair: Again I am in the hands of the house as to the way in which hon. members want these answers given. I can give them in groups or individually, but if it is done individually I shall be up and down all the time.

The Chairman: It would appear as though, for the convenience of members, it might be preferable to accept the suggestion that has

been made by the parliamentary assistant and apparently agreed upon by the spokesmen for the other parties, that is, to consider the resolution as a whole for the purpose of a vote, but for the purposes of detailed discussion to call the paragraphs seriatim.

Mr. Coldwell: I believe it will be a little difficult to stick very closely to that particular method of dealing with this resolution, because one may wish at the beginning to make some remarks that will have general application; and that is what I wish to do.

Generally I think the house welcomes this resolution, because, as the hon. member for Greenwood has said, it is in the nature of an act of repentance for some of the taxes that were imposed last year.

Since the excise and sales tax are the hidden taxes which raise such enormous amounts of money, I was interested to get in the mail today an analysis made by a representative of the Winnipeg *Tribune* and published in their issue of last Saturday, May 3. Apparently this newspaper sent out one of its representatives to make house-to-house calls in the city of Winnipeg, and he called upon some fifteen modest homes of persons whose incomes were not high. It is interesting to note what this investigator found regarding the tax situation. A break-down showed that the total income of these fifteen homes, the income of the men and women—in one case the joint incomes of a married couple, but usually individuals—was $65,400. The income tax paid amounted to $5,122; city tax amounted to $3,458. Interestingly enough, the computation—leaving out such things as amusement taxes levied by the city—showed that the hidden taxes paid by those who lived in these houses amounted to $5,229. In other words, the hidden taxes on the group of people interviewed, who, as I say, were in the very moderate, or perhaps in one or two cases what I would term the low income groups, were higher than the taxes levied directly through income tax.

I am not going to put it on the record, but a complete break-down will be found in the Saturday edition of the Winnipeg *Tribune* at page 5. The incomes of these fifteen families range from $1,500 to $5,900, the latter being the highest income in that group. They were a very representative group, and the survey indicates clearly that the hidden taxes are greater than the direct taxes. These are the taxes of which most people thoroughly disapprove. The occupations were: carpenter, switchboard operator, shipper, salesman, stenographer, three school teachers, one music teacher, accountant, assistant bank manager, bus driver, two secretaries, auditor, retired police officer, and agent. Those were the occupants of the fifteen small houses the photographs of which appear on the front page of this newspaper.

The comprehensive analysis and table found on page 5 of the Winnipeg *Tribune* clearly indicates that the taxes on clothing, cigarettes, household furniture and other appliances exceed the income taxes paid by those individuals. No wonder that many people in the country prefer the direct income tax, because these excise taxes which we are discussing this afternoon do bear very heavily indeed on the people in the moderate and lower income groups.

I know it is argued that the larger the income the more of certain things people buy. But these taxes are levied not only on luxuries but on ordinary household necessities such as boots and shoes and a wide range of furnishings. I am very happy to see that this resolution does to some extent rectify the situation, although I should add only slightly.

The sales tax is being repealed on drinks prepared from milk or eggs, and up to this time they have borne the tax; on preserved fruits, which have borne the tax up to this time. Many times in this house we heard that food was exempt from the sales tax. The tax is being repealed also on cooking oils and salad oils, but not including mayonnaise or salad dressing. It is being repealed on some farm commodities, such as baling wire for baling farm produce, and steel pens for farm animals. The fishing industry will benefit by the repeal of the tax on preservatives for use exclusively in treating nets, ropes and lines. The tax is being repealed also on clays and earth for use exclusively as filtering materials in the refining of petroleum oils, and on the goods enumerated in customs tariff items 411a, 437 and 476b.

What I am pointing out is that I am glad to see that relief, but it does rather discount the statement made in this house from time to time that foods were not taxed. Certain drinks prepared from eggs and milk are used extensively in the feeding of invalids, and preserved fruit is used in a good many homes throughout the country. Of course, salad oils and cooking oils are now used extensively in the preparation of food in households as well as in restaurants and other places. I welcome that change, but it does indicate that although we were told from time to time that the sales tax did not apply to food, here we have a group of foods upon which the sales tax has been levied, and that tax is to an extent being repealed.

[The Chairman.]

What I rose to say was that these hidden taxes in particular have imposed a greater burden, relatively, on the low income and middle income groups than on the higher income groups. I do not want to traverse the ground that I traversed in the budget debate itself, but I am glad that the excise taxes are being repealed in a number of instances or reduced in a number of others. I suppose the tax on automobiles is being reduced substantially because it has been difficult to sell automobiles. I rather suspect, however, that there may be another reason, that reason being that there is a rather important by-election in the county of Ontario in which the great motor centre of Oshawa is situated. I do not know, but very often we find that something of this sort is done when an election or by-election is in sight. It is an interesting coincidence, but of course it may not be more than a coincidence. Far be it from me to suggest—although I might think it—that the government would do anything of that sort in view of forthcoming by-elections.

The reductions that are made in these taxes are welcomed by the committee. The criticism I am making is that in most instances they do not go far enough; we still have these hidden taxes imposed, and they are quite substantial taxes. That is particularly true, of course, with regard to the sales tax. Even if two per cent of it has been earmarked for a desirable purpose, it is still 10 per cent in aggregate, namely eight per cent for federal revenue and two per cent for the special purpose.

While we are supporting the resolution because it reduces the impact of such taxes, I want to say that none the less we feel that this is the wrong way in which to raise revenue for the country; it is a method which is not based on the principle that most of us I am sure really at heart believe in, namely, the principle of the ability to pay. We shall have more to say when the individual paragraphs are discussed.

Mr. Low: Mr. Chairman, I should just like to say a word in general about the proposals involved in this resolution concerning the excise tax. We too welcome the relief from what had become an almost intolerable situation, that is to be found in the terms of this resolution. I should like to support what the hon. member for Rosetown-Biggar has said, namely, that the hidden taxes in many instances have become heavier as a burden than are the direct taxes. That fact has been known for quite some time.

There is another evil involved in the imposition of the indirect taxes as we have been using them to raise revenue and it is this. In the main they are imposed at the manufacturer's level. Because of the fact that they are imposed at that level, by the time the consumer pays the final price the tax is pyramided several times. In a number of instances it can be proved without doubt that, in addition to the tax received by the government, there is also a shadow tax which pushes the price up but which the government does not get. It goes to inflate profits.

While I am not against a reasonable profit, I certainly am opposed to any taxation scheme that will inflate those profits and cause the ultimate consumer to have to pay more than he ought to pay for the goods that he buys, particularly those things that he requires to buy from day to day and from year to year in the ordinary process of living. That is one of the great objections that we have to the excise taxes as they are used by this government.

As to the economic effects of the taxes, I think it can be shown that the government could use the ultimate purchaser's tax, receive the same revenue and yet not do the economy half the harm that they are doing to it with these indirect or hidden taxes imposed at the manufacturer's level. To get away from that pyramiding I would strongly urge that we avoid hidden taxes and adopt an ultimate purchaser's tax. I know the arguments against that procedure. I know that if the consumer pays the tax and sees that it is added to the marked price, he wants to kick the dickens out of the government. I know that argument; but it does not get away from the fact that it is preferable that the tax be collected as an ultimate purchaser's tax and be remitted to the government rather than have the bad effects that the present tax method now imposes upon the economy.

It is often argued that if the excise tax is made to apply at the consumer's level we shall have to deal with many more people and will make many more people collectors of taxes. As a matter of fact that is true. But most people throughout the country who are in business are collectors of taxes for the government anyway. They are certainly collecting income taxes. They are having to make deductions at the source, and they have to make volumes of returns to the government. It would be a simple additional matter for them to make a return on the ultimate purchaser's tax. If the employers of labour across the country who are in business are given to understand that they are asked to do this in the interests of the economy of the country rather than for the purpose of imposing upon them an additional burden, I am quite sure that they would not protest at having to do the job.

However, as has already been said, if the government persists in following its present taxation methods it will certainly persist in pyramiding prices beyond reasonable levels. That is a thing that concerns a great many people across this country.

As I say, we welcome the relief that has been provided in the resolution. I was greatly disappointed to see that the plea I made a year ago, and also this year during the budget debate went unheeded. On both occasions I asked that careful consideration be given to placing on the free list such materials as the concentrated vitamin E products. I do not see them under paragraph 9. I want to point out that since I spoke last year on this subject in the course of the budget debate I have investigated much further into this whole matter and have concluded that the work being done on these concentrated vitamin E products is exceedingly valuable. It is the type of work that cannot be done by any other method, apparently. I went down to the University of Ottawa to hear Dr. Shute present an illustrated lecture on this subject. He used coloured photographs—which, by the way, cannot be camouflaged. Coloured photographs are difficult to touch over; they therefore showed the actual situation as they existed before and after. His lecture, together with other information that I have been able to get, convinced me beyond a shadow of a doubt that the di-alpha tocopherols are exceedingly valuable in treating heart and vascular diseases. There are in Canada today many people who are receiving great relief from those conditions through the use of heroic doses of di-alpha tocopherol in various forms. I am quite well aware of the fact that the Canadian Medical Association has not yet placed its seal of approval on di-alpha tocopherol and the claims of the discoverers with regard to its uses in heart and vascular cases. I realize that, but I am also fully aware of the fact that a reasonable investigation has not yet been made by the medical association. That is a fact, and it can be proven. But the results of the treatment can be proven also. They show beyond doubt that this substance is most valuable. The tragedy of the situation is that when cases become quite advanced the only way relief can come to the patient is through his taking these heroic doses day after day for the rest of his life. That means a very large outlay, because the cost of the substance is high. It has to be brought across the boundary line from Rochester, where it is distilled from wheat germ; and it has to pay a duty. Before it can be brought into the country for sale it has to pay a sales tax on the duty paid price, which boosts the cost to these people beyond their ability to pay.

An association has been formed in this country known as the Vitamin E Society of Canada. As a matter of fact, one of the members on the Liberal side of the house is the president. He and his own family have had evidence of the value of this substance in the treatment of heart and vascular diseases. It seems to me that the pleas of a group of 1,500 people who make up that society should not be just turned aside lightly. That is not all. It can be shown that more than 1,500 medical men in the country are prescribing the substance—well, a year ago they were prescribing it; if they have continued, it means in fact that they have found it is valuable in the treatment of these heart and vascular disorders.

I am hoping that before we get through the discussion of these resolutions the minister, or his assistant, will give assurance that careful consideration will be given to putting this substance on the free list so far as sales tax and customs duty are concerned, so that these poor people who have to buy the material to get any relief whatever, or indeed to keep themselves alive, may get away from paying the very heavy price they now pay for it.

Mr. Sinclair: Perhaps I can answer two or three questions now. The hon. member for Greenwood asked first of all the total revenue involved in the past year in this particular excise tax. The amount is a little more than $150 million. The revenue reduction during the present fiscal year, 1952-53, will be $55,900,000, and a reduction when applied over the full year—that is next year—will be $61,700,000.

Mr. Macdonnell (Greenwood): Is that the reduction?

Mr. Sinclair: That is the reduction. The total revenue for the past year was a little over $150 million.

So far as the remarks of the hon. member for Rosetown-Biggar are concerned, I regret I did not read this article in the Winnipeg *Tribune*, but two things struck me immediately about it. I think that any statistician in the country would be very dubious about any survey made on an examination of only fifteen samples. Here our bureau of statistics like to take a very large number of cases in surveys so that a proper average can be obtained. The second point which I am a little surprised at is the ability of a newspaperman to actually get down to a figure apparently as closely as he has done to show the impact on the individual of the federal

sales tax and excise tax which are not levied, of course, at the retail level but back at the manufacturer's level, where the individual has no knowledge. This is a calculation which the statisticians in our department and in the department of the bureau of statistics have considerable difficulty in estimating.

The third point is of course perhaps a good demonstration of the difficulties and fallacies of sampling just one group—in this case low-income families. For example, take a married man with two children. For ease of calculation we will take two children not in receipt of family allowances, so there will not be any compensating factor of exemption for family allowances. This man has to earn more than $2,800 a year before he pays any income tax. So that you could say that that man is entirely taxed indirectly. He is paying one hundred per cent indirect taxes to the federal government. That would be a pretty alarming statement. On the other hand, we can say with pride that this situation develops because this man receives the highest income tax exemptions of any country in the world.

At the other extreme this reporter could have gone to the rich men in Winnipeg—I do not know which part of the city they live in—and interviewed them, and he would have found that about ninety-nine per cent of their taxes were direct taxes, because of course the direct income tax is so heavily progressive in the upper brackets that—

Mr. Coldwell: The impact of the higher taxes would not be as great on that man as on the man in the low-income group.

Mr. Sinclair: Mainly because the impact of this violently progressive system of income tax is so terrific on that man. The best way to get the national average, to see the national impact of the direct taxes against indirect taxes, is by using the illustration which I am very grateful to the hon. member for Peace River for provoking me into finding out. That is the study of the change in incidence of tax since this government took power. I mentioned that in my speech on the budget. In 1935 over 23 per cent of our total tax revenues—and after all, the tax revenue comes out of all the people of Canada—were direct. The rest were indirect, or 77 per cent. Today 62 per cent of the federal government tax revenues are from direct taxes. So we have advanced into the field of direct taxation more and more; and as we are able to increase income tax exemptions, for example, those members of the opposition can quote all the more alarming examples by taking people over or under income tax, in which case they pay one hundred per cent indirect say in the low field; but I think the national average has shown the direction towards direct taxation which this government is following.

The hon. member for Rosetown-Biggar went off the first item onto the sales tax item. I do not know whether I should answer him now, or whether I should preserve an orderly discussion and keep my reply until we reach paragraph 9. He mentioned, for example, that perhaps there are many foods which are not now exempt from sales tax. Well, if he will read schedule III of the Excise Tax Act he will have some difficulty in finding any food purchased by the ordinary householder of Canada—

Mr. Coldwell: I was speaking in the past tense.

Mr. Sinclair: Even in the best example he used he made a fairly understandable error. He talked about the item as of preserved fruits. Actually, preserves in the ordinary sense used by the family have been exempt for many years. Preserved fruit made in the Okanagan valley out of Zuka melons used as fruit filling for cakes for example. They are not candied fruits, and certainly are not preserves, and this item is applicable to that very small field.

So far as salad oils and cooking oils are concerned the hon. member was quite right in pointing out why this has been done. Formerly, and not so long ago, the household used solid fats such as lard and shortening, and the restaurants used cooking oils. Today the housewives also have gone into the use of cooking oils and liquids rather than solids. This is now recognized by the item in the sales tax resolution, paragraph 9.

Mr. Murray (Cariboo): That would include margarine?

Mr. Sinclair: I am afraid the hon. member has not given this the study he usually gives these things, for as far as margarine is concerned I think it is the only basic food in Canada which does pay a 10 per cent sales tax. However, I do not intend on this resolution to be provoked into a discussion of margarine.

Mr. Murray (Cariboo): Margarine is a product of a certain cooking oil which is imported into this country.

Mr. Sinclair: These are cooking oils and salad oils. Margarine as a manufacturer's product is not an oil. It is actually in solid form and is taxable at 10 per cent sales tax under the federal government's Excise Tax Act.

As far as these drinks are concerned, we have had a most interesting discussion in

past years. There were certain prepared drinks which were made out of fresh milk. Those were exempt because milk always has been exempt, as have eggs. Some manufacturers were going into the business of canning or bottling these drinks and it was contended that they too should be exempt, and this was done. The manufacturers were also making other drinks out of dried milk and dried eggs and they also contended that their products should not be taxed, and we have agreed now to this.

The hon. member probably has the schedule to the Excise Tax Act before him and he will see that the only foods, if you can call them foods, still under the schedule subject to sales tax are various fancy relishes, pickles and things like that. A continuous pressure is being exerted to have them too exempt.

The hon. member commented on baling wire. I think the decision this year is as a result of the discussion last year when several hon. members from the prairies pointed out the inconsistency of exempting baling twine and not baling wire. Not so many years ago only baling twine was used and it is only recently that baling wire has been used to any national extent. Now that hon. members have drawn the attention of the government to the fact that this is a necessary agricultural product, it is included.

The hon. member for Peace River again brought up this interesting question of the incidence of the indirect taxes when applied at the manufacturing level. Perhaps I have had some little effect on him because he seems to remember one major point I brought up and perhaps one minor one. Undoubtedly a tax imposed at the manufacturing level is the easiest and cheapest to collect. There are comparatively few manufacturers. Their sales are not generally made for cash but rather by invoice and there is an accurate record of their sales. The cost of collecting a tax is always important because it would be ridiculous to have a tax when the cost of collection was excessive.

Mr. Low: Are the manufacturers paid for making the deduction at the source?

Mr. Sinclair: No. The second point was with regard to public acceptance. The hon. member contended that if the public realized that the tax was being imposed they would be more hostile. That is not borne out by the experience of my own province. When the province first imposed a direct sales tax there was great resentment, but when I go home now I am always amazed to see how readily the people pay it. They realize that the tax is put to a good use of which they approve. There is perhaps a third reason why the federal government has not since the war intervened in the indirect field at the retail level. If the provinces are to have a sales tax they are restricted to a tax at that level.

The other point, which is a matter of considerable importance as far as the efficacy of collection is concerned, is that manufacturers generally make only the one type of goods. That is, a manufacturer would manufacture an article which is either taxable or not taxable. On the other hand, the little retailer handles dozens of articles, some subject to sales tax, some subject to excise tax and others subject to no tax at all. There would be a real accounting job forced on that man if he had to collect tax on his sales, and also the opportunity for evasion would be considerable. It has been a great problem for the provincial administrations which have sales taxes with exemptions.

Some of the states in the United States have found it better to do away with exemptions entirely, to impose a turnover tax of a certain percentage. But that immediately would give rise to members of parliament or members of the legislatures asking for the removal of that tax on food or other things and soon you would be converting from a straight turnover tax to a sales tax.

Then there is the matter of drugs. The minister and his budget committee have given further consideration to extending the list of drugs to be exempted. As was pointed out earlier in this debate some years ago the 5 per cent average medical deduction was reduced to 4 per cent in order to cover the cost of drugs. Consideration has been given to the type of drug which is expensive and in fairly wide national demand, the type of drug which is not used so much for the cure of a disease as for its continual treatment. I suppose insulin is the best example.

The minister has examined the various representations which have been made. Naturally neither the minister nor his budget committee are medical experts and they must rely to a great extent on the advice of the Department of National Health and Welfare and the Canadian Medical Association, who after all are the ones who are using these drugs for their patients across Canada. Some of the recent drugs which have been suggested for exemption include substitute blood plasma, aureomycin and streptomycin, and vitamins of high concentration. The minister is giving continual study to these requests and as the opportunity offers the list of drug exemptions is extended.

Mr. McLure: A few moments ago the parliamentary assistant introduced a new matter

when he said that oleomargarine was the only foodstuff that pays the 10 per cent sales tax. How much per pound is paid on oleomargarine in the way of sales tax? By asking that question I hope to find out what I have never been able to find out, the cost of a pound of margarine.

Mr. Sinclair: Obviously I have not those figures before me because margarine does not come within the scope of this resolution. I am informed that the actual tax on margarine is around three cents per pound. It varies as the price varies. Once again may I say that that subject is not covered by the resolution. I shall be glad to answer any questions that are within the scope of the resolution.

Mr. McLure: At three cents per pound that would be placing the cost of the manufactured article at about 27 or 28 cents, which is ridiculous as we know. However, that is not what I want to speak about at the present time. The excise tax on furs and articles manufactured of fur has been reduced from 25 to 15 per cent. When this tax was imposed they imposed it on the raw article. Then another tax is imposed on the processed article, and then there is the sales tax besides.

A farmer finds that he has to pay a tax of $3 on an article which cost him $20 to raise, and that leaves his return at $17 for the raw article. When it is processed another tax is imposed on the tax already paid. These taxes are pyramided and taxed over again. As I have said on several occasions, the trouble is that those who imposed this tax had no idea what they were taxing. But they still continue using the same method and tax this article twice when other articles are not taxed in the same way. They tax it in the raw state, in the processed state and then as a finished garment.

Mr. Sinclair: I cannot quite understand the hon. member's first point. Schedule III of the Excise Tax Act shows the exemptions from excise tax and at the bottom he will find "furs, raw." I am informed they have been that way for many years.

Mr. McLure: I know that there is a tax.

Mr. Sinclair: There is no federal tax on raw furs.

Mr. McLure: No federal tax?

Mr. Sinclair: There is no federal tax on raw furs.

Mr. McLure: I beg to differ with you. If you are correct I should have quite a premium coming back to me. I have already paid it for this season.

Mr. Sinclair: I would suggest that the hon. member go to the office where he paid it. It might well be a provincial royalty, which some of the provinces have. So far as the federal Excise Tax Act is concerned, if the hon. member will refer to page 38, schedule III, at the bottom of the page, he will find that raw furs, as are almost all raw products for manufacture in Canada, are exempt from tax. There is of course an excise tax on the processed article. The excise tax which we are now dealing with covers a very wide field of manufactured and processed goods in Canada, but there is no federal tax on raw furs.

Mr. McLure: Let me try to prove it this way. A farmer has raised a fox and has a silver fox skin. We will say that it costs $20. That is a raw skin. The moment he sells it or offers it for sale to be processed and made into a garment there is a 15 per cent tax applied on that raw article with the result that the purchaser's price is reduced and the farmer only receives $17. I should like to have that explained. I have asked for an explanation on other occasions but it just comes back to the same thing. Surely there is some explanation, or admit that that is so.

Mr. Sinclair: All I can read is the law. First of all there is the fact that there is no tax payable on raw furs, which are exempt under schedule III. Then I would refer to page 13 of the office consolidation of the Excise Tax Act. Section 80A reads as follows:

There shall be imposed, levied and collected, an excise tax equal to 25 per cent—

That is now changed to 15 per cent.

—of the current market value of all dressed furs, dyed furs and dressed and dyed furs . . .

Mr. Murray (Cariboo): With respect to the importation of furs, a large quantity of furs is being imported into Canada at the present time. Is there any possibility of having an embargo placed upon Russian furs entering the Canadian market?

Mr. Sinclair: That is an entirely different matter under the customs tariff resolution. It is not an item of the present resolution. There is a resolution concerning the customs tariff, but according to my recollection it does not include any reference to that.

Mr. Murray (Cariboo): I shall bring it up later.

Mr. Johnston: I want to ask a question for information. First let me say with respect to the tax on cigarettes that I understand the tax was reduced—

Mr. Sinclair: May I raise a point? Did we agree to take up the resolution item by item? As the hon. member for Winnipeg North Centre pointed out, to dash around from item to item is a little confusing. The cigarette item is well along in the resolution.

Mr. Johnston: I am speaking generally.

The Chairman: Order. I understood from the remarks made by the leader of the C.C.F. group that a general discussion of the resolution would take place first. Judging by the remarks of the hon. member for Queens, his questions pertain to a specific paragraph, and the hon. member for Bow River has addressed himself to the tax on cigarettes. If the general discussion is concluded possibly we might discipline ourselves and agree to study the resolution paragraph by paragraph.

Mr. Cannon: Before we finish the general discussion—

The Chairman: I understand it is not finished yet. The hon. member for Bow River has some remarks of a general character.

Mr. Johnston: We had been speaking about margarine and everything else and I thought we might do a little smoking for a while. There were two or three other items to which I wanted to refer but I will make my remarks when we come to the particular section.

Mr. Fraser: The parliamentary assistant mentioned that some drugs and vitamins of high vitamin content were exempt. Would that include super A's with a strength of 50,000 units?

Mr. Sinclair: Are you referring to the list I read?

Mr. Fraser: No, I am referring to your remarks in answer to one of the members.

Mr. Sinclair: I gave a list of the drugs to which consideration is now being given, but the ones actually included at the moment are insulin, radium, cortisone, ACTH and liver extract.

Mr. Fraser: Then the minister also mentioned certain vitamins.

Mr. Sinclair: No. I read a list of drugs of this type which had been put forward for further consideration.

Mr. Cannon: On the general question of the sales tax, I wish to bring to the attention of the minister and his parliamentary assistant on behalf of my constituents an application they have made that certain articles used by fishermen should be exempt from the sales tax. The general principle that commercial fishermen should benefit by exemption from the sales tax has been on our statutes for some time. At the present time motors for fishing boats, fish nets, fish lines, cordages and barrels for salt fish are exempt. I have had some correspondence with respect to this matter with the Department of Finance, which so far has not produced any success, suggesting that rubber boots, rubber suits, fishermen's work clothes and gasoline and oil used by commercial fishermen in their fishing operations should also be exempt from the sales tax. The fact is recognized that fishermen's living conditions and income are not any too good particularly in my county where the fish they catch are all processed into smoked and salt fish which are sold at a comparatively low price. I submit if this request were granted it would not make much difference from the point of view of revenue for the department but would mean a lot to the fishermen who have been asking for it insistently and have written to me on several occasions in that connection.

Mr. Sinclair: Since this matter refers specifically to item 9 of the resolution, perhaps I might defer my reply until we reach that item.

Mr. Cruickshank: May I ask a question?

The Chairman: Order. Do we now start to discuss the resolution paragraph by paragraph?

Mr. Fournier (Hull): Yes.

The Chairman: Then we limit ourselves to paragraph 1.

Mr. Fournier (Hull): Agreed.

The Chairman: The other paragraphs will be called later.

Mr. Murray (Cariboo): What about the income tax?

The Chairman: We are now dealing with the Excise Tax Act. There are also resolutions concerning the Income Tax Act, succession duties and so on. I understand then that hon. members agree to limit themselves to discussing paragraph 1 of this Excise Tax Act resolution.

Mr. Cruickshank: I want to be in order at all times, but as a matter of information, since margarine was mentioned a moment ago, I should like to know under what item that will come. I sent to my secretary for certain information and she sent me the wrong papers. The information I have entirely discredits the parliamentary assistant.

The Chairman: Margarine was only mentioned incidentlly. If any discussion is to be entertained in that regard it would be on paragraph 9. We are now on paragraph 1.

Mr. Knowles: Can the parliamentary assistant say whether, when this resolution and the section of the bill based thereon are passed, any 25 per cent excise taxes at all will remain?

Mr. Sinclair: There will be none at all.

Mr. Johnston: I would like to know whether the companies, say the automobile manufacturers, have reduced their prices to the full

extent of the tax reduction. If the government and members of parliament generally see fit to reduce a tax because of its effect on the buying public, then I think it only fair that this house should make sure that tax reduction is passed on to the consumer. I do not want to give away any cabinet secrets but my information is that there was an understanding with the government that in the case of some of these tax reductions the full amount of the reduction would be passed on to the consuming public. My observation, together with items I have seen in the newspapers concerning the prices of cars, would lead me to believe that this full tax reduction has not been reflected in the cash price of cars. I would like to ask the parliamentary assistant whether that is so. We should know.

Mr. Sinclair: In the first place the government does not make any agreements with any industries in regard to tax changes. Such changes are first announced in the house after they have been given consideration by the minister and later by the cabinet. The second point is that the government does not set the prices of automobiles.

Mr. Johnston: I did not suggest that you should set the prices of automobiles, but I certainly think you have an obligation to see that tax reductions are reflected in prices.

Mr. Sinclair: It would be difficult to do that without setting prices. This matter has been raised in the house; and as hon. members know the representations on this matter for reduction of tax were made partly by the public, partly by the dealers and partly by the manufacturers, who said a reduction in taxation was necessary in order to sell cars. My own feeling from watching the advertisements is that in the light cars, for example, the reduction in advertised prices has been about $150 or $160, which is about 10 per cent of the manufacturers' selling price on such cars. The competition in the automobile business today I think is sufficient safeguard to ensure that manufacturers and dealers will put their products in their showroom windows at the lowest possible prices.

Mr. Johnston: That does not answer the question I asked. I am not mentioning the car dealers or manufacturers to direct any particular criticism at them; I am using them only as an illustration because when I was speaking the other evening the Minister of National Health and Welfare asked me, "What about cars?" According to the article to which I was referring on that occasion, speaking from memory the price of a $2,300 car had been reduced by $140. On the basis of that clipping, which I later sent over to the minister on his suggestion, the tax reduction of $140 had been based on the price of $2,300, and certainly that is not a 10 per cent reduction.

Mr. Sinclair: The hon. member knows, of course, that the 10 per cent is on the selling price at the factory.

Mr. Johnston: That is right; and as the Minister of National Health and Welfare and I were sitting at his desk discussing this newspaper clipping we came to the conclusion that the price indicated was the manufacturer's price. That is the point I want to make. In the interests of the country I do not think we should reduce a tax and then have a company, I do not care whether it is a manufacturer of automobiles or anything else, make a profit on that tax reduction. I believe any reductions should be passed on to the consuming public in full, and I think the government has both a moral and a legal obligation to see that this is done.

Mr. Sinclair: I am not here to defend the automobile industry or the car dealers—

Mr. Johnston: I want it understood that I am not trying to criticize the automobile industry as such.

Mr. Sinclair: Most of us who understand that the tax is paid on the manufacturers' selling price realize that the reductions have been pretty well in line with the 10 per cent reduction in tax. However, I might point out a fact which has not been given very much publicity. Individual dealers who had cars on hand have suffered quite a loss because of this reduction in tax. They have not publicly complained about it; but when they acquire a car from one manufacturer they pay the tax, and the cars they had on hand on April 8 were cars on which they had paid a tax of 25 per cent. Far from trying to squeeze the public I think the car dealers of Canada, in giving these reductions immediately, showed they were willing to pass along these reductions despite the fact that they had paid the higher tax on those cars they had in stock.

Mr. Johnston: I do not want any misunderstanding in this regard. I can quite understand that a dealer with two or three cars in stock at that time might have taken a loss; but this tax is not applicable to just one or two cars, or one or two cans of tobacco a dealer may have had on his shelf. This is a process which is going to continue for quite a long time, and the parliamentary assistant should not try to suggest that it only affects one or two cars. It will affect every car a dealer gets for perhaps a year or more.

Mr. Murray (Cariboo): In my part of British Columbia the dealers passed the reduction on to the public. That was stated in half a dozen different newspapers, and the dealers were commended on having done so and given the public a square deal. Of course the dealers out there are not chisellers; they do what is in the public interest.

Mr. Wright: I thought I heard the parliamentary assistant say there had been no complaints from dealers who had been caught with more than the usual stock of cars on hand when this tax change took place.

Mr. Sinclair: I said there had been no public complaints. Of course the dealers made representations, but they have not been crying to high heaven in the press that they were caught with these cars on hand. The next morning they offered reductions.

Mr. Wright: In the northern part of western Canada where the harvest was not completed last year many dealers were caught with very large stocks of 1951 cars they were unable to sell. Then the budget came along this spring, before the crop was harvested, and there was a reduction of 10 per cent. Many of those dealers are in rather serious difficulties. Because of the late harvest last year they were unable to sell their stock, and they have had to take a loss on the 1951 cars together with the budget reduction of 10 per cent, which means that on many of those cars they will lose from $300 to $500. I have had letters in regard to this matter from a number of dealers, and have forwarded them to the minister.

Mr. Sinclair: I would question just one thing; that is, how they can lose $300 to $500 by this 10 per cent reduction in excise tax.

Mr. Wright: I said they had that loss when they had to sell a 1951 car in 1952, along with the tax reduction. Of course I am not saying the government is responsible for that, but I am saying they have suffered this loss. It is made greater by the fact that they were unable to dispose of their cars last fall and had them on hand this spring when the tax was reduced. The loss is much greater than it would have been in an ordinary year, and therefore this has been a serious matter for them.

Mr. Knowles: When the automobile people made their representations to the government prior to the date of the budget, asking that consideration be given to reducing the excise tax, I believe they also made representations with respect to the level at which the tax is applied. I know the parliamentary assistant has already discussed this matter in general terms in reply to the remarks of the hon. member for Peace River earlier this afternoon, but I should be glad to hear from him any words he may care to offer in connection with this practice as applied specifically to automobiles.

I raise it in this connection for one or two reasons which I shall indicate. I understand that the tax is imposed at the manufacturers' level. That means, so I am told, that many if not all dealers throughout the country, when they take cars into stock, have to pay the excise tax in advance, even though those cars may be held for some time. The results of that are at least two. One is the result that the member for Peace River and others have referred to from time to time, namely the pyramiding of the cost to the eventual consumer. The other is the amount of money which dealers—and they are not all big fellows—may have to tie up in the form of these excise tax payments which they must make in advance.

I understand that some representations were made by the automobile dealers requesting that a change be made in that respect. They asked that the tax be not levied until the actual sale of the new car is made by the dealer. These people point out that the argument that the parliamentary assistant used today about it being difficult to apply these taxes generally at the last point because of the wide variety of goods and services that are sold in a country like ours hardly applies to automobiles. The automobile is a fairly substantial piece of machinery; every car is well registered, and automobiles do not go astray as public property does sometimes. In that case it should be quite feasible to apply the tax at the point where the car is sold by the dealer to the final purchaser.

One of the reasons that I should like to see it done is to see what the result would be in terms of advantage to the dealers and advantage to the final consumer. I think it would be of advantage to both. It would be a help to the dealers in not having to tie up in advance that money which is simply money paid to the government. It should result also in a lower price for the car to the consumer if the tax does not appear until that final stage. I wonder whether any consideration was given to that specific request from the automobile dealers with reference to this tax on automobiles.

Mr. Sinclair: This problem is not unique with automobile dealers. It may be a little more striking, but it does not affect the automobile dealer any more than the dealer, for example, in electrical appliances. A dealer in electrical appliances may have $50,000 worth

of stock in his store on which exactly the same excise tax has been paid at the manufacturers' level. He has had to finance that extra carrying charge in exactly the same way. It looks a little more striking in the case of the automobile dealer because he had fewer units, but I am quite sure the aggregate of a big appliance store as against an ordinary automobile dealer is about the same.

It gets back to the basic problem of whether the tax is to be levied at the manufacturers' level, where it is easily controllable and easily collected, or at the retail level. The first break in the principle, of course, would immediately result in demands from the next largest group of appliance dealers, and so on all the way down. Actually the problem of financing the price paid to the manufacturer is always with the retailers, and that price has always included not only the selling price of the manufacturers but whatever federal or local taxes may be embedded in it. So far as the automobile trade is concerned, because of the very great difficulty some of them had experienced in recent months, they have become highly competitive. The pyramiding to which reference has been made may occur when it is a seller's market, when the dealers can sell anything they get and when, by rule of thumb, they put on 25 per cent or 50 per cent mark-up on anything they buy. Once selling becomes competitive however, and it certainly has been in the automobile field and the appliance field in the last six months, then the dealer can no longer operate in that manner. The retailer has to consider the value of any trade-in; he is aware of the actual mark-up he is getting and sets his price accordingly.

I could not ask for any better evidence of that than from the hon. member for Yale (Mr. Jones), who must have had a very vivid experience in the last six months in pricing in that field.

Mr. Knowles: There are two comments I want to make. First, I think it would obviously require a great many more electric irons to be in stock to equal $50,000 than it would in the case of automobiles, if the hypothetical example of the parliamentary assistant is used. The other thing I wish to say is that the main argument the parliamentary assistant uses against making this change is that if this break were made and it were done for one group, in due course he would probably have to do it for others. I do not see that it is an argument against taking a step in the right direction to say that you may have to take further steps in that same direction later. Despite the satisfaction of the parliamentary assistant that he has answered this question on former occasions and has answered it again today, I do not feel that he has yet dealt with it satisfactorily so far as we are concerned. Our contention is that by imposing these taxes at the manufacturers' level, it is necessary for the dealers to finance them and this policy does lend itself to pyramiding so far as the consumer is concerned.

Mr. Coldwell: If I may follow the hon. member, I should like to emphasize one point that the parliamentary assistant overlooked. He speaks of a retailer having $50,000 worth of electrical appliances, and that is true. It would, however, be a fairly large retailer, whereas throughout the country you find a good many small automobile dealers in the smaller places who might have $50,000 worth of automobiles which they are pledged to sell. In other words, many of the automobile dealers are small people in the sense of having capital, whereas any electrical dealer with $50,000 worth of stock would be fairly large and have a fairly large amount of capital.

The whole problem, as I see it, is that automobile dealers who perform a useful service in the smaller communities in servicing automobiles are often people with a relatively small amount of capital, and the imposition of this tax at the level where it is now imposed does make it difficult for them to finance; that is the whole argument. It is not that we want to extend this principle, but you have a group of people who are in a peculiar position in relation to their capital assets and their ability to pay this particular tax, and at the same time perform a service that is necessary in the community. I think that is the plea that has been made.

Mr. Macdonnell (Greenwood): I have a question which is somewhat similar. I am told that taxes were collected on cars held by dealers on consignment. My understanding is that the tax is payable when a sale takes place. I take it when a car is on consignment no sale has taken place.

Mr. Sinclair: The member raises a case which I remember of one of the larger automobile concerns in Canada who, anticipating perhaps some reduction in taxes, sent the cars to their dealers on consignment for a month before the budget. They said that because of that they had not made a sale to the dealer and there was no need to pay the tax until an actual sale had been made. The Department of Justice ruled that under the actual wording of the act the tax was payable at the time of delivery by the manufacturer, so taxes have been assessed on those cars just as on the cars from other automobile firms which were sent forward in the old way.

Mr. Ferrie: May I ask the parliamentary assistant this question? Does the provincial government pay this excise tax?

Mr. Sinclair: You mean the provincial government buying cars? For example, on their cars?

Mr. Ferrie: No; buying equipment. Never mind buying cars.

Mr. Sinclair: It will depend.

Mr. Ferrie: On their road equipment, their snow equipment?

Mr. Sinclair: That is exempt.

Mr. Ferrie: The parliamentary assistant says that is exempt?

Mr. Sinclair: Yes.

Mr. Ferrie: If the provincial government is exempt, why is not municipal government exempt?

Mr. Sinclair: On my notes here I have the hon. member's name marked down because he raised this problem last year and the arguments against this are the same as those which I advanced last year. We have had the discussions almost every year on that subject. The extension of the right of exemption from excise tax and sales tax to the provincial government is as old as the sales tax. The municipalities are creations of the provincial government. The reasons that I advanced last year still apply. The government has reviewed the situation and has decided that the exemption should be extended only to the provincial governments.

Mr. Macdonnell (Greenwood): I want to come back to my question. I am a great believer in people paying their taxes, but one runs into cases where governments seem to be—what shall I say—without conscience in the matter of taxes. Today things are being done which in ordinary dealings between individuals would be regarded as intolerable. I know there is a law to be kept. I know that the parliamentary assistant said that the argument of the Department of Justice is that the tax became payable on delivery, apparently regardless of sale. It seems a curious point, but I am not going to set myself up in argument with the Department of Justice. The question I want to ask is this. Were there distinctions? Were there cases where cars had been delivered on consignment, let us say under legal circumstances A, where they were not regarded as taxable and in other cases where, under legal circumstances B, owing to some slight difference no doubt in the agreement, it was held that they were not taxable on the ground, I presume, that delivery had not taken place?

Mr. Sinclair: I would prefer to give a full answer to this question when the excise tax bill is actually before us; but the information I have at the moment is that some companies actually rented warehouse space, moved cars from their factories into those warehouses without consignment to any dealer, and actually held the cars themselves; in other words, they distributed them around in order to get them away from the factory. I am informed—but I would want to check that information and give the exact details when the bill is before us—that the tax was not payable; that is, that the 25 per cent tax was not payable on those cars. However, I will give the exact details as to the number of cars involved, if any, when the bill is before us next week.

The Chairman: Is discussion concluded on paragraph 1?

Mr. Browne (St. John's West): I have one question, Mr. Chairman. I am sorry I was not here for all of the discussion. What was the tax before 1951 on these items? Was it all 15 per cent?

Mr. Sinclair: It was not quite all the same. It was 15 per cent on most but it was 30 per cent on soft drinks, candy, chocolate and chewing gum. We are now back to the 1950 status, with the improvement that the 30 per cent tax on confectionery is now also 15 per cent.

Mr. Browne (St. John's West): On luggage?

Mr. Sinclair: Yes.

Mr. Browne (St. John's West): What was the tax on luggage?

Mr. Sinclair: It was 15 per cent then. In 1947-48, of course, or up to 1948 we had a 35 per cent luxury tax, a war tax. That was removed in 1948 or 1949. But actually, before these increases were made the excise tax was 15 per cent across the board, with the exception of soft drinks, chocolates, chewing gum and candy where it was 30 per cent. Now it is all 15 per cent.

The Chairman: Shall we go on to paragraph 2?

Mr. Macdonnell (Greenwood): On paragraph 2, Mr. Chairman—

The Chairman: We are still on paragraph 1. I asked a moment ago if discussion had terminated on paragraph 1. The hon. member for St. John's West said he had just one more question. Now I am asking whether we can move on to paragraph 2. Is it agreed that we should do so?

Some hon. Members: Agreed.

The Chairman: If the hon. member wishes to address himself to paragraph 1, he may still do so. Shall we move on to paragraph 2?

Some hon. Members: Agreed.

Mr. Macdonnell (Greenwood): I want to know the amount of the tax collected and the amount of the anticipated loss.

Mr. Sinclair: The tax collected last year, the balance, was $4,792,000. The effect of the reduction this year will be $2·1 million and a full year $2·3 million. These figures are all out of balance as far as straight mathematical proportion is concerned because of the lag in collections. The month of March is not due, for example, or is not in the hands of the government until May. That is why this figure is out of proportion. You will remember last year the figure on soft drinks, where the big consumption is in the summer months. The reductions in revenue are not strictly proportionate owing to the fact that three-quarters of the year is involved in one case and the full year in another.

Mr. Noseworthy: Did I understand the parliamentary assistant to say that there is no tax on raw furs as such?

Mr. Sinclair: That is right.

Mr. Noseworthy: There is a 15 per cent tax now on the raw furs when they are cleaned and dried?

Mr. Sinclair: When they are dressed and dyed.

Mr. Noseworthy: There is another 15 per cent excise tax when those furs are made up into the finished article?

Mr. Sinclair: No.

Mr. Noseworthy: For instance, into fur coats?

Mr. Sinclair: No.

Mr. Noseworthy: There is what—a 10 per cent tax?

Mr. Sinclair: A 10 per cent sales tax.

Mr. Noseworthy: There are just the two taxes?

Mr. Sinclair: That is right.

The Chairman: Shall we move on to paragraph 3?

Mr. Murray (Cariboo): I think the government could well consider further reducing this tax. It would be a great help to the trappers in the northwest who are having a very hard time this year. There are great changes in the use of furs, in styles and so on. The hon. member mentioned silver fox. A few years ago they were worth $50. Today you can buy them from the trapper for $50 a dozen up where I am. Mink, which formerly were expensive, are now greatly reduced.

Mr. Sinclair: They are not yet essential to life.

Mr. Murray (Cariboo): Then as to stone marten, I discussed this matter with a trapper the other day at Lower Post, B.C., and at Fort St. John, my home. He had 220 pelts of stone marten and found no market for them above $20. This time a year ago, or two years ago, those pelts were worth $50. We have the finest fur in the world being produced in a state of nature up in the northern part of Canada and also being produced under farming conditions. It would be a good idea to reduce all kinds of taxes on these furs, including the sales tax, so that people would be encouraged to wear more of them. Another thing to be remembered is that furs are not a luxury. They may be considered as such down in the southern part of Ontario or in places with warmer climates. But in western Canada fur garments are vitally necessary and they should be made as cheap as possible to the consumer.

Mr. McLure: There is an excise tax on raw furs. Either the government are collecting it or somebody else is collecting it for them. I want to bring to the attention of the parliamentary assistant this fact. This is before the reduction of the tax to 15 per cent, and when it was 25 per cent. I have a couple of items here. The owner of these did not want to sell them at the low price at which he thought raw furs were going, so he decided that he would have them made up. He shipped the raw skins to have them tanned. One bunch of them were valued at $20, less than the cost of producing them. On those skins at $20 there was an excise tax of $5. Then there was another bunch priced at $17, and the excise tax on those raw skins was $4.65 each. That was on the raw furs. Then they were tanned. After that they were processed, and finally he paid the 10 per cent sales tax. To say that there is no excise tax on raw furs is to say something that is not true. Somebody is making a mistake. We are paying it, whether the government is getting it or not. If it is sidetracked, that is a different thing.

Mr. Macdonnell (Greenwood): Perhaps that is where the surplus comes from.

Mr. McLure: Well, it would make quite a surplus.

The Chairman: Shall we move on to paragraph 3, excise tax on soft drinks?

Mr. Knowles: May I ask the parliamentary assistant whether in any discussions that took place between the soft drink people and the government, prior to the date of the budget,

any comments were made as to whether or not any tax reduction would be passed on to the consumer? I recognize the position he took a while ago this afternoon when he said to someone to my left—I think the hon. member for Bow River—that the government could not enter into any agreement or undertaking with any group of people in this country as to what would happen as a result of budgetary changes; hence, the way I put my question. Were there any discussions on this point? Did the government have any reason to believe that if it reduced the tax on soft drinks the price to the consumer would be reduced accordingly?

Mr. Sinclair: Mr. Chairman, no such promise or undertaking was made. I may say in this connection that the representations which were made were made, I suppose, by a great number of members of parliament who have small bottling works in their ridings, by the small bottling works and by the trade association. I cannot say that I can recall myself any representations by the two or three large operators in the country. It was the small operators working, either on their own drinks or on licence or royalty from other concerns, who felt the impact of the reduction last year in the candy, chocolate and chewing gum tax from 30 per cent to 15 per cent. There is a field which is shared by them, and when we gave the candy people a reduction of 15 per cent tax, then they were getting mainly from the children a much larger volume of sales for those articles, which of course resulted in a falling off in the sales of soft drinks. I remember in particular the western small bottlers association coming down here with the actual financial statements of a series of small bottling plants in the four western provinces, and pointing out that far from making money because of this tax reduction to their competitors, they were actually losing money. They asked for this reduction in tax not so they could reduce the price of their products, but just so they could stay in business. They have been very gratified to get it. Most of these small bottling plants feel that now, because of this reduction, they will be able to stay in business and get their fair share of what you might call the confectionery market.

Mr. Cruickshank: I should like to ask one question in case I misunderstood the parliamentary assistant. I understand we are on paragraph 3, Mr. Chairman?

The Chairman: Yes.

Mr. Cruickshank: Am I correct in believing that chewing gum also is included?

Mr. Sinclair: The present tax on chewing gum is 15 per cent.

[Mr. Knowles.]

Mr. Cruickshank: Is chewing gum under this item? I have gone to a lot of trouble to be here for paragraph No. 9, and I want to ask the parliamentary assistant this question. Are any mineral or vegetable oils used in the manufacture of chewing gum?

Mr. Sinclair: Chewing gum is not in this item. This is a soft drink item.

Mr. Cruickshank: The hon. member mentioned chewing gum himself two minutes ago.

Mr. Sinclair: I mentioned chewing gum, candy and chocolate only because they are competitive fields. Since I did not expect to be asked questions about the manufacture of chewing gum I have not the answers here. But my recollection from my school books is that chewing gum is made out of chicle, which is a product of Central America. I should be very glad to write the hon. member a letter if I find out that any vegetable oils are used in chewing gum.

Mr. Cruickshank: No, he will not write me a letter. He will answer before we get to paragraph 9, because I have some figures to put on the record.

Mr. McLure: I take it for granted that since the parliamentary assistant did not take issue with me there is a tax on raw furs; as I have shown, on a $20 skin there is a tax of $5, which has now been reduced to $3.

Mr. Sinclair: The only reason I did not answer was that I had already answered it twice today, and I get a little tired of listening to my own voice. I will again read the act because neither the parliamentary assistant, the minister, nor the government decides it; it is the Excise Tax Act. I refer the hon. member to schedule III of the Excise Tax Act, the one which in fact specifically exempts raw furs. I also refer the hon. member to section 80A which says that there shall be an excise tax on processed, dyed, dressed furs, the manufacturer's product, which the hon. member mentioned. There is an excise tax on the processed product, as the hon. member for York South mentioned, whether that fur is incorporated into a garment, whether it be entirely a fur garment. When it is made into a fur garment then there is a general sales tax of 10 per cent applied. Beyond that I can make no other answer, except to refer the hon. gentleman to the act which was passed in a previous session of this parliament.

The Chairman: We are now considering paragraph 3, excise tax on soft drinks. The hon. member for York South.

Mr. McLure: Allow me one more question, Mr. Chairman. I might say that I have an invoice in my hand. I do not wish to put it on the record since it is rather of a private nature. This invoice shows positively just what I said a moment ago. This was before the reduction, of course. It is dated March 1, and on a skin valued at $20 the sum of $5 was paid, and when it came down to $17 or $16, the sum of $4.65 was paid.

Mr. Noseworthy: I have one supplementary question. Is the tax collected on dressed furs based on the additional value that the dressing adds to the raw fur, plus the value added by the dyeing and dressing?

Mr. Sinclair: The value of the saleable product; that is the raw product plus whatever manufacturing cost has gone into it. It is the same as the tax on this pen; it is the cost of the pen when sold, not just the cost of the work which went into the materials of the pen.

Mr. Noseworthy: Can the parliamentary assistant tell me the relative value of the fur before it is dressed and dyed and after?

Mr. Sinclair: That would be a matter that would depend on the fur and on the degree of processing. I think that the most difficult of all processing is the one we hear about every year when the Minister of Fisheries makes his statement on Canada's share of fur seals from the Aleutian islands. It would depend entirely on the skin and the actual degree of work done on the skin, as in any other manufacturing process.

Mr. Noseworthy: I think it will be found out that the value upon which the dressed skin is taxed is largely made up of the value of the raw skin and that the dressing and dyeing has comparatively little bearing on the original value.

Mr. Sinclair: I would doubt that very much on most skins, although that may be true with rabbit skins. In the case of most skins the actual work of processing and dyeing and making the coat is where the real cost is involved.

Mr. Noseworthy: That does not enter into the tax for dyeing.

Mr. Sinclair: The coat would be sales taxed, but here again I do not pretend to be an expert as to the division of costs as between processing, dyeing and tanning the fur. The hon. member for Queens may be, but I certainly am not.

Mr. Nowlan: Is that latter part of the paragraph dealing with preparations for household use new?

Mr. Sinclair: This paragraph is new. The small bottlers pointed out that these chemical preparations—I suppose most hon. members know them by their trade names—which are being sold are strong competition to the bottled soft drinks. It was felt in fairness that whether a drink was bottled or in a dry form it should have the same rate of tax applied. I think these things are almost entirely a matter for the manufacturers.

Mr. Nowlan: I note the parliamentary assistant used the word "chemical," but this paragraph refers only to preparations for household use. I would imagine there will be tremendous difficulty in administering this section when that term is used. I am thinking of lime juice which is used extensively during the summertime.

Mr. Sinclair: Lime juice would be exempt under another category.

Mr. Nowlan: This does not say "chemical," it says "preparations for household use." That would include chocolate milk.

Mr. Sinclair: Which would be exempt under the schedule.

Mr. Nowlan: It says "preparations for household use." I think there should be a clear understanding of what it covers.

Mr. Sinclair: The Department of National Revenue have a clear understanding because they actually phrased the resolution so that it would cover these things.

Mr. Knowles: Coloured powders.

Mr. Macdonnell (Greenwood): I want to know the amount of tax obtained.

Mr. Sinclair: The tax secured last year was $19 million; the revenue reduction this fiscal year will be $10 million; for the full year, $11 million.

Mr. Knowles: How much do you expect to get from these coloured powders?

Mr. Sinclair: We have no estimate on that at all.

The Chairman: Shall we go on to paragraph 4?

Mr. Knowles: Despite what the parliamentary assistant said when we started this discussion today, I think he will agree with me when I say that it is too bad we cannot have a vote on this paragraph of this resolution by itself. I am sure that if we had a recorded vote this is one paragraph where the vote would be unanimous, including those on the other side of the house who supported the imposition of this tax last year.

Mr. Cruickshank: We did not.

Mr. Fraser: You certainly did.

Mr. Macdonnell (Greenwood): You may not have known it, but you did.

Mr. Knowles: I am simply trying to point out that all of us support the removal of this tax and that includes those on the other side who a year ago supported its imposition. I think that what has been said during the budget debate and today has been well put. It has been pointed out that it was most unfortunate that this tax should have been imposed. It created a great hardship. When the income tax is put up one year and then brought down the next, although one might complain at least it must be admitted that it is across the board and affects everyone.

But here was a tax which affected only those whose circumstances were such that they had to make these purchases during that twelve-month period. I think it emphasizes the particular unfairness of having put this tax on stoves, washing machines and refrigerators a year ago. It seems to me that the government ought to find some way to make redress to these people who were put in that unfortunate position of having to pay this extra cost. It will be a long time before many people in this country forget the unfairness of that tax. We are glad to see it go.

Mr. Fournier (Hull): If they forget, you will tell them about it.

Mr. Macdonnell (Greenwood): I want the figures for paragraph 4.

Mr. Sinclair: Revenue this year, $10·5 million; reduction of revenue for this fiscal year, $10 million; for the full year, $11 million.

Mr. Macdonnell (Greenwood): That leads me to make this comment. I understood the parliamentary assistant to say that under paragraph 1 of schedule I of the Excise Tax Act, the reduction for the remaining part of the year would be about $55 million, or about $65 million for the full year.

Mr. Sinclair: $61·7 million.

Mr. Macdonnell (Greenwood): If we add the reduction under paragraph 4, which is the same kind of thing, it gives a total of $71 million. I think the people who bought these articles last year and were unnecessarily taxed should know that they were taxed to the extent of $72 million. I should like to refer to some of the items to show how they come within the range of the ordinary necessities that people, particularly householders, have to have. Schedule I includes automobiles, cameras and other things, but section 3 (a) covers electrical appliances adapted to household or apartment use, such as blankets, chafing dishes and so on. Then section (b) covers appliances adapted to household or apartment use such as stoves, hot plates, grills, washing machines and so on.

This tax was protested against last year but despite our objections we did not have a chance to vote on the thing. I hope that somehow or other these people who have paid this $72 million will know that they paid it and I hope they will endeavour to find out where the money went. It may be said to them that some of it went to the foreign exchange control board.

Mr. Fournier (Hull): Rehearsing a political speech.

Mr. Macdonnell (Greenwood): I notice that schedule I refers to stoves and then in paragraph (b) there is reference to stoves when designed for using other than solid fuel. In that case the tax is reduced from 25 to 15 per cent. Here we have a provision under which the tax is to be repealed on stoves apparently without any limitations. Is there some explanation of that? Have I made my point?

Mr. Sinclair: What date is the act you have?

Mr. McCann: Get the one I gave you.

Mr. Macdonnell (Greenwood): Yes. I got this from a very responsible quarter.

Mr. McCann: Throw the other away. It is four years out of date.

Mr. Macdonnell (Greenwood): I got this from a very responsible quarter. This is August, 1951.

Mr. Sinclair: Page 34.

Mr. McCann: You picked up the wrong one.

Mr. Macdonnell (Greenwood): I have the August, 1951, consolidation of the Excise Tax Act with amendments to date.

Mr. Sinclair: Page 34, 3(b).

Mr. Macdonnell (Greenwood): Page 34, 3(b). The stoves there are of a peculiar kind, but under 4 the word "stoves" apparently is used without limitation of any kind.

Mr. Sinclair: I am afraid I still do not get your point because this refers to all stoves.

Mr. Macdonnell (Greenwood): Under 4 the excise tax on stoves is repealed.

Mr. Sinclair: That is right.

Mr. Macdonnell (Greenwood): That means there is no tax.

Mr. Sinclair: That is right.

Mr. Macdonnell (Greenwood): Under (a) the tax on stoves of a certain kind is reduced from 25 to 15 per cent.

Mr. Sinclair: Putting it in the 15 per cent bracket, which has now been removed.

Mr. Macdonnell (Greenwood): One of us is not quite grasping the other's point. There is no limitation in No. 4 on the word "stoves". It does not say stoves of a particular kind; it says "stoves". Should you not say "stoves other than those described in schedule 1"?

Mr. Sinclair: There is no excise tax on stoves. As far as 3(b) is concerned, the effect of this is that there is no excise tax on stoves. As to the special 15 per cent excise tax, if you will recall we had quite an animated discussion about one particular group of stoves, combination stoves. The 15 per cent excise tax was imposed on electrical stoves but stoves using solid fuels were not included. Now we are removing the 15 per cent tax which is in 3(b), page 34, schedule I. We removed the 15 per cent tax on both electric stoves and combination stoves. There is no tax on stoves using solid fuels. Neither pays the 15 per cent tax now.

Mr. Macdonnell (Greenwood): I am sorry to be so persistent but I want to read this. I have read, I believe correctly, from schedule I of the Excise Tax Act, and that does include these stoves. Item 1 says that the excise tax on the goods enumerated in schedule I that are at present subject to the rate of 25 per cent shall be reduced to 15 per cent. Are there some of these in schedule I that are not subject to the 25 per cent?

Mr. Sinclair: It said specifically in 3 (b) that stoves were subject to 15 per cent. There were never any stoves subject to 25 per cent. The 15 per cent tax on electric stoves is now removed. There was never an excise tax on the ordinary coal and wood stoves. The hon. member will note that the 25 per cent is at the end of 3 (a) but 3 (b), which specifically mentions stoves, is 15 per cent, and that tax has been removed. While I am on my feet, although I am anxious to get the resolutions through, I do not think I should allow this chance to pass without saying that first of all every member in the house just loves to vote for tax cuts, especially when elections or by-elections are near. Therefore the hon. member for Winnipeg North Centre cannot assume very much of a cloak of virtue when he says how anxious the members of his group are to vote for tax cuts.

Mr. Knowles: I said your fellows want to vote for these cuts this year.

Mr. Sinclair: Of course they do. Last year when the excise tax increases were instituted we were faced with increasing expenditures for defence. First of all we had to raise revenue. The second problem was the rate of spending at that time. One reason why we had to have consumer credit regulations was to put a check on such spending in order to conserve two things in particular that were in very short supply at that time, steel and copper. Since that time two or three things have happened. Government revenues have been more abundant than was forecast by some hon. members opposite who again predicted collapse. Our tax needs are not as great to raise the revenue required. The supply of steel and copper has greatly improved during the last year. For these reasons we were able to make these reductions. Because it is good sense as far as the country is concerned to vote for tax increases under certain conditions does not make it any less good sense to remove such increases when conditions have ameliorated.

Mr. Cruickshank: In the opinion of the parliamentary assistant, or his department, did not price maintenance have a great deal to do with reducing the cost of refrigerators washing machines and other electrical appliances?

Mr. Sinclair: All I can say to that, although it is not quite within the resolution, is that there certainly has been much keener competition, especially in my home city of Vancouver, between sellers, competition which was not possible otherwise under the old price fixing by manufacturer.

Mr. Cruickshank: Did the hon. member for Greenwood not oppose that?

The Chairman: Order. If we may take it that the discussion is concluded on paragraph 4 we will proceed with paragraph 5. If there is no discussion on paragraph 5 we will take up paragraph 6.

Mr. Fraser: With respect to paragraph 6 since the small reduction that was made in the tax on cigarettes, has there been any increase in revenue or in the consumption of cigarettes?

Mr. Sinclair: We cannot tell because our receipts of revenue run more than a month behind. The tobacco factories make their end of the month returns one month in arrears, and therefore we have no knowledge of that yet.

Mr. Fraser: What was the loss last year as the result of the imposition of the extra tax?

Mr. Sinclair: Far from a loss, we actually got a very healthy revenue out of the tax. We did not lose money on the tax.

Mr. Fraser: You got a healthy revenue but not as much as you got the year before. That is what I want to get.

Mr. Sinclair: You want the reduction in revenue compared with the year before?

Mr. Fraser: Yes.

Mr. Sinclair: You want the reduction in occurred because of less smoking of cigarettes, and of course there was an increase in the smoking of cut tobacco. The decrease in the case of cigarettes was $4,658,446.

Mr. Murray (Cariboo): It would be interesting to have an estimate of the number of people who decided to quit smoking cigarettes and who discovered, as the hon. member for Fort William has always pointed out, that it is a very harmful and unnecessary habit. In increasing the tax to the extent that he did, the Minister of Finance performed a great work of reform and cured hundreds of people from coast to coast of this iniquitous habit.

Mr. Coldwell: What was the increased revenue from cut tobacco?

Mr. Sinclair: It was a little over $12 million. We dropped $4 million on cigarettes and picked up an extra $12 million. Cut tobacco rose from $21,888,000 to $34,110,000. On balance we were up about $8 million.

Mr. Johnston: I should like to ask the parliamentary assistant which was more effective in bringing about the loss in revenue, the increased tax on cigarettes or the 2 cents that the companies added to their price?

Mr. Sinclair: Of course I am not in a position to answer that. I am here to answer questions on taxation and not on merchandising practices.

Mr. Johnston: The same thing is involved with respect to cars which I was discussing a while ago. Now we find that it is also true of cigarettes. The price of cigarettes was not raised at the time the tax was imposed but the cigarette companies came to the government and put on a good deal of pressure to have the tax reduced. In their wisdom the government decided that they were not able to reduce the tax and there was a loss of revenue. In order to magnify the loss of revenue and increase the pressure which they could put upon the government to reduce the tax, the tobacco companies raised their price another 2 cents. That certainly did not help the situation. Now a tax reduction is introduced on cigarettes. The price was reduced by 3 cents but the tobacco companies are still in the position of making an extra profit of 2 cents on every pack. In effect that is making a profit on reduced taxation.

We find that occurring all along the line. In almost every case where a tax reduction has been effected we find that almost all these great companies, these financial octopuses—I am not saying all of them but the tobacco companies are one example—are making an increased profit on tax reductions. I think that practice should be stopped.

My next question, Mr. Chairman—I suppose I will be out of order, and if so you will tell me—was going to be whether there has been a reduction in the price of cut tobacco, which was mentioned a moment ago, because of the reduction in tax?

The Chairman: Perhaps we could consider paragraphs 6 and 7 together.

Mr. Johnston: I know it comes under 7.

The Chairman: Let us consider the two together and the hon. member will be in order.

Mr. Johnston: Then perhaps the minister will answer the question.

Mr. Sinclair: It might be better if we did take them together. As to the first point, in reference to the 2 cent increase charged by the cigarette manufacturers last year, I am not a smoker myself but I recall from press clippings that they said it was due first of all to the increased wages they paid their employees and in the second place—perhaps members from the tobacco growing areas can confirm this—because they had paid the highest prices on record for the Canadian tobacco crop. If the hon. member expects a rollback of that 2 cents I presume he would also expect a rollback in the wages paid the employees and the prices paid the growers.

Mr. Johnston: That is a lot of hooey. The parliamentary assistant knows very well that these companies could easily give back that 2 cents without affecting wages at all. I am sure of one thing, that these companies never increased the wages of their employees because of the increased profits they made through the tax reductions. You can't get away with that.

Mr. Sinclair: I cannot follow the hon. member at all. I was only repeating the statement at the time that the increase was due to the higher wages they paid last year and to the record prices for tobacco they paid Canadian farmers. They said that as a result they found it necessary to increase prices by 2 cents. I suggest that the obvious implication of the hon. member is that if he wants that 2 cents rolled back then there should be a rollback in the prices paid Canadian farmers and a rollback in the wages paid Canadian workers.

Mr. Johnston: I never suggested any such thing.

Mr. Sinclair: The hon. member's second point shows the serious consideration he has given these resolutions. There is no reduction on the tax on cut tobacco, so that it is impossible for the companies to make a profit on a reduction we did not give.

Mr. Johnston: I did not say there was; I was asking if there would be.

Mr. Fraser: I have no brief for the tobacco manufacturers, but the hon. member for Bow River said they had made extra profits. Well, in reading some of their reports I noted that the last two dividends of one company had been cut from 12 cents per share to 2½ cents. That shows they are not making a large profit.

Mr. Johnston: That has nothing to do with it.

The Chairman: In order to conduct an orderly discussion perhaps we might dispose of paragraph 6 and deal with paragraphs 7 and 8, since I think they go well together. Has the discussion terminated on paragraph 6?

Some hon. Members: Agreed.

The Chairman: Then we will take paragraphs 7 and 8.

Mr. Browne (St. John's West): Under which of these items would plug tobacco come? That is the hard pressed tobacco or block tobacco generally used by fishermen in Newfoundland for chewing and smoking in their pipes. At the present time in my province it costs 60 cents a plug. It used to cost 27 cents before union. Perhaps the parliamentary assistant would be able to tell us the reason for the great increase.

Mr. Sinclair: This is the proper item, dealing with manufactured tobacco. One of the differences between the Newfoundland system of taxation and our system was the fact that we did tax liquor and tobacco more heavily than they did, so when they came into confederation and felt the impact of our taxation it may well be that the cost of these tobaccos increased. I would suggest to the hon. member, however, that there were other financial transactions which were to the advantage of most Newfoundlanders, which more than compensate for the extra cost of plug tobacco.

Mr. Wright: I would like to know the effect of the change from 5 cents per ounce to 80 cents per pound. Those two figures appear the same.

Mr. Sinclair: They are the same. It is a question of the interpretation of the law. Up to now the tax has been 5 cents per ounce or fraction thereof. If you bought one of those small packages of tobacco containing an ounce and one-third, you paid the tax for two ounces. By changing it to the basis of a pound, a package of an ounce and one-third will pay the tax for an ounce and one-third.

Mr. McLure: There is no reduction in this at all. Paragraph 7 says the excise tax on manufactured tobacco is to be changed from 5 cents per ounce to 80 cents per pound. In paragraph 7 the excise tax on raw leaf tobacco is reduced from 1¼ cents per ounce to 8 cents per pound, so there is no reduction whatever in the first paragraph; it is just a change. I would like an explanation of paragraph 8 in connection with the manufacture of chewing tobacco. They say the proper way to use tobacco is to masticate it, that you get more for your money that way than any other way. What is the effect of the reduction in paragraph 8?

Mr. Sinclair: Paragraph 7 deals with all manufactured tobacco other than cigarettes. The effect of this change will be that the manufacturer who for reasons of packaging wants to put up his manufactured tobacco in quantities including a fraction of an ounce, for example three and a half ounces, no longer will be penalized. Previously he would be charged duty on four ounces. This will make it possible for the manufacturer to pack his tobacco in any size package he wishes with the knowledge that he will pay tax on that tobacco *pro rata* at the rate of 80 cents per pound. That has to do with all manufactured tobacco other than cigarettes, such as chewing, smoking and cut tobacco. Paragraph 8 deals with raw tobacco, the leaf tobacco which is not further manufactured into plugs, or cut, or made into cigarettes. The reduction in tax is given as an incentive to grow more of this class of tobacco.

Mr. Browne (St. John's West): This raw leaf tobacco is just as it is produced by the farmer?

Mr. Sinclair: That is right.

Mr. Browne (St. John's West): I take it paragraph 7 includes plug tobacco and refined tobacco for making cigarettes. That tobacco has a higher price than plug tobacco in the trade, without any tax being levied on it. It costs more to produce, does it not?

Mr. Sinclair: I cannot say as far as the actual cost of manufacture is concerned. In these tobacco taxes we are not concerned with the ad valorem value; it is a specific tax of so much a pound. Whether they make it into plugs or into fine cut for rolling cigarettes or into chewing tobacco, the tax is 80 cents a pound. If the cost of making chewing

tobacco is less than the cost of making fine cut, then of course the cost to the consumer will be less; but that is a manufacturing problem.

Mr. Browne (St. John's West): But the tax is the same?

Mr. Sinclair: Yes.

Mr. Macdonnell (Greenwood): Do I understand that the change was made in paragraph 7 because you could not work out the tax on let us say an ounce and a half if the rate was 5 cents an ounce; that you had to make it 80 cents a pound so the tax could be worked out?

Mr. Sinclair: The previous system actually penalized manufacturers for packing their tobacco in other than even ounces. Apparently there are good reasons in the trade why they do not want to pack tobacco in two ounce, four ounce or eight ounce packages. Under the law as it was, you paid 5 cents an ounce or fraction thereof, so if you chose to have a package weighing five and one-third ounces you did not pay tax for five and one-third ounces but for six ounces. You paid for the five ounces and had to pay for a full ounce on the one third. Today you will pay one third of 80 cents.

Mr. Macdonnell (Greenwood): Why could you not have said "at the rate of 5 cents an ounce"? Would that not have done the same thing?

Mr. Sinclair: At the rate of 5 cents an ounce or 80 cents a pound makes no difference. We are removing a penalty under the old wording.

Mr. Macdonnell (Greenwood): I see that.

Mr. Noseworthy: I understand, then, that the Imperial Tobacco Company will have to pay tax on the tobacco in bond, then another tax on that when it is processed into cigarettes and then a tax on the cigarettes?

Mr. Sinclair: No; there is one part of this country where the people buy this raw tobacco and smoke it without the necessity of Imperial Tobacco or any other company manufacturing it. On that we get a tax under paragraph 8. So far as the tax on manufactured tobacco is concerned, the excise tax, that is paid by the manufacturer on his manufactured product. The farmer who sells to the manufacturer does not pay that tax at that level, so there is no pyramiding of the tax in that way. This tobacco covered by paragraph 8 is tobacco which is not later manufactured so there is no manufacturing level at which we can recover taxes.

The Chairman: We shall pass on to paragraph 9 which repeals the sales tax on a number of items. Perhaps hon. members could limit their discussion to the items contained in subparagraphs (a) to (h).

Mr. Cruickshank: On paragraph 9—

Mr. Knowles: Could we not, first of all, have a general discussion on the sales tax? I think perhaps the member for Fraser Valley would agree to that proposal.

Mr. Cruickshank: It was my understanding from the parliamentary assistant himself that we should follow this procedure, but if I am out of order I shall wait until later.

The Chairman: Before we began discussion of this resolution paragraph by paragraph I understood that it had been suggested by the hon. member for Rosetown-Biggar that we were going to have a general discussion on the resolution, and that took place. I thought therefore that, following what we have been doing since the first paragraphs have been discussed, we might analyse each subparagraph seriatim if that is agreeable.

Mr. Knowles: I was not asking that we should have a broad general discussion such as we had when we were on the first paragraph, but I am suggesting we might at this point have a discussion on the general principle of the sales tax before you ask us to confine our remarks to these particular items.

The Chairman: To follow the wish of the hon. member, if he is to observe the rules, his general discussion of the sales tax would have to be restricted to the particular items mentioned here. He could discuss, generally, that the sales tax is being repealed on the items mentioned in subparagraphs (a) to (h).

Mr. Knowles: I think the chairman should permit me to welcome the repeal of the sales tax on some items, and to express the hope that it might be repealed on some others as well. The parliamentary assistant has already indicated that there are a few items in connection with which the minister is considering whether or not the tax might be repealed. As a matter of fact, I wanted—I see the chairman is nodding his head.

The Chairman: That, of course, would be a reference in passing.

Mr. Cruickshank: May I not have a word in this?

Mr. Knowles: I shall be glad to yield to the hon. member and make my remarks later.

The Chairman: Perhaps the hon. member wishes to speak on the matter of procedure we are now discussing.

Mr. Cruickshank: I am not speaking on the point of order, Mr. Chairman. When I got up some time ago I bowed to the fact that I was possibly out of order, and would wait until another section was called. I represent a dairy district and am therefore interested in this paragraph 9 (a), drinks prepared from milk or eggs. In some areas ice cream is being produced from imported foreign oils. I should like to know from the parliamentary assistant what steps are being taken to protect the people of Canada.

I have a parliamentary return—which is certainly not anything I made up—and it shows that since 1948 approximately 735,450,-612 pounds of soya beans have been brought in and manufactured. Some of this material has gone to make the drinks mentioned in paragraph 9 (a). In a return tabled for the member for Lanark it is shown that since 1948, 239,607,700 pounds of copra were brought in duty free, and that was not mentioned in the previous return. Among other things, this material was manufactured into drinks prepared from milk or eggs. I know that the word "margarine" is almost as repulsive to the parliamentary assistant as it is to me, although from a different angle. I am leaving margarine out of this discussion, because no one would accuse a person of drinking margarine. Milk drinks are definitely being made from these imported oils, and are being sold in Canada. Under a ruling of the Supreme Court of Canada, margarine is also being made and some provinces are even colouring it. The same ruling of the supreme court permits the manufacture of ice cream or these milk drinks out of imported oils.

I should like the parliamentary assistant to tell me just how much the revenues of the Dominion of Canada will be affected by the repeal of the sales tax on drinks prepared from milk or eggs. Obviously it will affect the revenue of every farmer within the dominion.

Mr. Sinclair: This item, of course, is a further help to the dairy industry of Canada. You will recall that two or three years ago when ice cream was classed as a confectionery we had strong representations, from every corner of the house and especially from members representing farm constituencies, that ice cream be no longer classed as a confection but rather as a food. It was pointed out that would be of assistance to the dairy farmers, and because of that two years ago ice cream was included in the schedule of exemptions from sales tax.

Last year, further representations were made that there were many wholesome drinks made from milk which should get preferential treatment over other drinks that are not fresh products. We therefore exempted from sales tax preparations made from fresh milk. It has since been pointed out by people who are interested in dairy products that other good manufactured drinks are made out of powdered milk or skim milk and eggs, which are also dairy products. The Minister of Finance has therefore made this further extension of the exemption from sales tax to those drinks which are made from milk or eggs. If these drinks are made from substitutes for milk or eggs such as soya bean oil, to which the member referred, then they are not in this classification and are not exempt from the tax but would pay the sales tax of 10 per cent.

Mr. Cruickshank: May I say a supplementary word? I think that is a fair explanation that we have had from the parliamentary assistant. It is clear in my mind and I hope it is to the press of Canada and to all the producers of Canada that they cannot in the future use this imported copra or soy bean oil to manufacture drinks as they are doing today and as they have been doing for the last six months.

Mr. Sinclair: I want to make it clear, Mr. Chairman, that it is no such thing. I said that drinks which are manufactured from milk and eggs are now going to be exempt from sales tax. Drinks which are manufactured from other things—soft drinks, for example —are going to bear a 15 per cent excise tax as well as sales tax. Other drinks prepared from other materials will come under the usual sales tax of 10 per cent. The only assertion I have made now is that drinks prepared either from fresh milk, dried, powdered or skim milk, or eggs are now totally exempt from sales tax.

Mr. Cruickshank: I understood the parliamentary assistant to say this. He clearly stated powdered milk and so on, and I accept that statement. But he has also implied, if not stated, that these copra and soy bean oils imported duty free will no longer be permitted in use without taxation—that is sales tax—in milk drinks or in other milk products. He definitely stated that.

Mr. Sinclair: They always have paid sales tax.

Mr. Fraser: I want to ask this question. This includes liquid and powdered drinks?

Mr. Sinclair: No; drinks.

Mr. Fraser: This is put in the liquid form?

Mr. Sinclair: That is right.

Mr. Fraser: Then the tax will still remain on the powdered form of drinks?

Mr. Coldwell: On such things as Vi-Tone?

Mr. Fraser: Or Ovaltine?

Mr. Sinclair: First of all, Ovaltine is not a drink. It is only a drink when it is mixed with water or milk. In the second place those are preparations not solely prepared from milk and eggs.

Mr. Fraser: This tax still remains on powdered drinks?

Mr. Sinclair: That is right.

Mr. Coldwell: I have just one word to say. I want to support the hon. member for Peace River in regretting that more drugs have not been placed on the exempt list, particularly vitamin E. I do not want to labour the point because the hon. member for Peace River has dealt with it well in the past and today. I just want to say that I am in full support of what he has said.

Mr. Knowles: Mr. Chairman, I agree with my leader that the hon. member for Peace River has done an excellent job in pressing this point with respect to vitamin E and some other drugs as well. I also feel that further consideration should be given to the whole question of the sales tax and other forms of taxation on drugs and medicines generally. A while ago I put on the order paper some questions with respect to this matter, and I received the answers the day after the budget was brought down. They are to be found at pages 1936, 1937 and 1938 of *Hansard* for April 9, 1952. I asked these questions:

1. What drugs and medicines are subject to import duty?
2. What is the rate of duty on these drugs and medicines?
3. What other taxes are drugs and medicines subject to, and what are the rates of such other taxes?

It took about two and a half pages to give the details of the duties on drugs and medicines. I will not say anything more about that matter at this point. I will raise that question again when we get to the customs tariff resolutions. I just want to mention in passing that, in addition to the sales tax that applies on drugs and medicines, a good many of them are subject to customs tariffs of various rates.

With regard to question No. 3 which I just quoted, this was the answer given, and of course it corresponds to what the parliamentary assistant said earlier this afternoon:

Sales tax of 10 per cent on drugs and medicines except ACTH; cortisone; insulin; liver extract for use exclusively in the treatment of anaemia.

I believe the parliamentary assistant named one other substance.

[Mr. Sinclair.]

Mr. Sinclair: Radium.

Mr. Knowles: Yes; he mentioned radium. The four that are listed in the answer that I have just given correspond, of course, to the drugs which are allowed as medical expenses when one computes his personal income tax, provided you get above that 4 per cent floor. We are glad to know that this principle has been recognized as far as it has. But I submit that there are a great many other drugs—not only vitamin E and highly concentrated vitamins—which for the sake of health people are called upon to purchase and to use over a long and continuing period of time. They are almost in the class of food, in the sense that people are required to make use of them. I feel strongly that the sales tax should be removed from those products.

We have in the house two or three druggists, one of whom I see to my right; I refer to the hon. member for Oxford. No doubt they are interested because they are druggists. I was not thinking of that, however. They will know the truth of what I am saying. Although there are perhaps many patented medicines on their shelves on which taxation is not out of the way, they will know that there are many products, vitamins and various other items, that are really essential and which should not be taxed in this way. As I say, the answers given to my questions on April 9 indicate a form of double taxation on a good many of these drugs if they have to be imported into Canada from some other country.

Mr. Chairman, it is obvious that there are a number of questions here that all tie in together. I hope you will not think I am out of order if I just mention these in passing in order to indicate how broad this field is. The question that we will be debating at another point, namely, the 4 per cent floor under medical expenses, is related to this matter. The whole question of health insurance is related to it. My feeling is that this government has moved far too slowly in the field of enabling the people of Canada to do something that will help with regard to medical expenses of one kind or another. I think it is a minimum request that we are making when we ask that there should not be this heavy taxation on drugs and medicines.

Mr. Wright: I just want to ask the minister what things are enumerated in customs tariff 411a, 437 and 476b.

Mr. Sinclair: Would you mind if we first called (a), (b) and (c)? When we get to them I will give the answer. Would the hon. member mind waiting until we get to (h)? I will read off the whole thing then. We are at (a) now.

Mr. Wright: Oh, I understand. I thought we were on the clause as a whole.

The Chairman: Is there any further discussion on (a)?

Some hon. Members: Carried.

Mr. Fraser: I should like to ask the parliamentary assistant why no consideration was given to taking the excise tax off the powdered preparations. It was only put on last year or the year before.

Mr. Sinclair: No, no;—

Mr. Fraser: It has only been on a short time.

Mr. Sinclair: —this is not excise tax. This is sales tax.

Mr. Fraser: Sales tax, I should say.

Mr. Sinclair: It has always been on.

Mr. Fraser: And it is going to continue?

Mr. Sinclair: It is not on powdered milk.

Mr. Fraser: I know it is not on powdered milk. But as to a preparation like Ovaltine, it is made of milk and eggs, and milk has to be added in order to use it.

Mr. Sinclair: The same sort of answer as that given with regard to soft drinks, candy, chocolate and what not, applies to Ovaltine. Tea and coffee are fairly heavily taxed, and the 10 per cent sales tax does not seem out of line by way of comparison in the same field. As you have seen in the years you have been here, this field of food exemption has been steadily extended until now only specialty foods such as that and various relishes and pickles are not now exempt from sales tax.

The Chairman: Shall we pass on to (b) of paragraph 9?

Mr. Fraser: What does this include? Is that for soda fountain purposes or all preserved fruits?

Mr. Sinclair: These preserved fruits are a very narrow class; ordinary preserves, jams, jellies and preserves are already included. There is quite a developing industry of making fruits for baking which are not candied fruits; the Zuka melons of the Okanagan valley are used principally for that. They do not come under the classification of candied fruits, but do not class as home preserves. They were subject to sales tax. They have now been relieved of sales tax.

Mr. Fraser: Would that include cocktail cherries?

Mr. Sinclair: It would include cocktail cherries, if they were not a candied maraschino. A lot of cocktail cherries are made out of these melons. If it were a candied cherry —most of them are—it would not qualify. The bakers use these preserves a great deal for making their cakes.

Mr. Fraser: Where is your explanation of just what preserved fruits means in this instance?

Mr. Sinclair: That is the interpretation of the Department of National Revenue.

The Chairman: Shall we pass on to (c)?

Mr. Blackmore: Before we pass on, I believe that someone ought to say something about what I am going to say now.

Mr. Riley: Are you going to take forty minutes to say it?

Mr. Blackmore: We will wait and see. I believe there is altogether too much of a tendency for people in the cabinet, and even members of parliament, to live in a sort of ivory tower. I do not believe that a man like the parliamentary assistant—I have a lot of admiration for him—begins to realize the degree of suffering and privation which is being endured by the common man and his wife throughout the country generally. The income tax and other taxes are so severe, the municipal taxes are so severe, and then the sales taxes are so severe, that if any one of them has a mishap in his family it becomes almost utterly impossible for him to carry on.

Mr. Murray (Cariboo): It is still better than Russia.

Mr. Blackmore: That is no credit to us. Perhaps the hon. member wants us to be like that.

The Chairman: I do hope that the hon. member will soon give consideration to paragraph (c), cooking oils and salad oils but not including mayonnaise or salad dressing.

Mr. Blackmore: I cannot hear what you say, Mr. Chairman, there are so many people trying to talk.

The Chairman: We had a discussion as to the procedure and it was agreed—

Mr. Blackmore: I still cannot hear you, Mr. Chairman.

The Chairman: I am sorry; I will try to make myself understood. At the beginning of our consideration of these resolutions we had a discussion on procedure. It was agreed that we would limit ourselves to a study of these resolutions paragraph by paragraph. We have proceeded along those lines, and we have already considered all the paragraphs

except paragraph number 9. We have now arrived at a discussion of the subparagraph on sales tax. We have considered the subparagraph on drinks prepared from milk or eggs and also the one on preserved fruits. We are now discussing cooking oils and salad oils but not including mayonnaise or salad dressing. The hon. member may speak.

Mr. Blackmore: Thank you, Mr. Chairman. I was going to say that taxes on absolute necessities, such as certain drugs that mean life or death, are just simply close to criminal. One or two people have written to me concerning their situation. They have simply had to give up their loved ones to die because they could not possibly afford to bring in needed drugs to keep them alive. The drugs are available; they are just across the line. If the taxes were removed they would have a much better chance of getting them; but these taxes, as I have said, are becoming positively criminal. Someone ought to tell the parliamentary assistant, and I hope he tells the Minister of Finance, that he should not try to laugh off too many of these things. Our Minister of Finance comes in here with a jaunty air as if there was not a care in the world.

An hon. Member: Would you like him to look sober?

Mr. Blackmore: We would like him to look like a sober man, not like a man who is laughing at a funeral. I hope it is conveyed to the Minister of Finance, that something ought to be done for the great common man throughout this country.

The Chairman: Shall we move to subparagraph (d), baling wire for baling farm produce?

Mr. McLure: Have you passed subparagraph (c)?

The Chairman: I have just called subparagraph (d). If there is no discussion on this subparagraph, we shall move to subparagraph (e), steel pens for farm animals.

Mr. McLure: I should like to revert to subparagraph (c). The sales tax is repealed on cooking oils and salads, but not including mayonnaise or salad dressing. Does that include the oils for the manufacture of oleomargarine? Or should it read, but not oils for the manufacture of oleomargarine?

Mr. Sinclair: This tax of course is put on the manufactured product, when the product is packaged and sold as a cooking oil. I will not use the trade name, there are many of them on the market made out of soybean oil, some animal oils, sunflower seed oil. It refers to an oil used as shortening in cooking. Restaurants have used them for many years. In recent years housewives are turning more and more to using these cooking oils, instead of the same things solidified into lard or shortening. Because of the change in the housewife's habits we are now including these cooking and salad oils used in the homes. They are now exempt from sales tax.

Mr. McLure: Is margarine not a solidified oil? Should it not come under this?

Mr. Sinclair: Margarine as such pays a ten per cent sales tax. Butter is exempt; lard is exempt; shortening is exempt; margarine pays 10 per cent sales tax. Those cooking oils—

Mr. Gibson: Why?

Mr. Sinclair: Because it is the law.

Mr. Gibson: That is no answer.

Mr. Sinclair: These cooking oils are now being included on the same basis as lard and shortening because the housewives are using them in increasing quantities.

The Chairman: Is there any further discussion on this question?

Mr. Cruickshank: Mr. Chairman—

Some hon. Members: Six o'clock.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

The Chairman: We were dealing with subparagraph (c) of paragraph 8.

Mr. Macdonnell (Greenwood): I should like to ask for consent to revert to subparagraph (b) for one moment to bring something to the attention of the parliamentary assistant. Some of us feel strongly about legislating in this, shall I say, condensed manner. In this case just the words "preserved fruits" are used and I understand that the details are set out in regulations. Would the parliamentary assistant seriously consider spelling out in the bill, either by reference to the regulations or in some other way, a provision that would settle any doubts.

Mr. Sinclair: Perhaps it would be easier if I read the whole clause as it will appear in the final act. It will be:

Fruit, fresh, canned, frozen, dried, evaporated, preserved.

Mr. Macdonnell (Greenwood): It seems to me that the difficulty is in not having a further definition of the words "preserved fruits." I understand that there is a regulation which I presume can be altered from

time to time and I still raise the question whether we should be legislating in this way.

Mr. Sinclair: The department must accept the terminology generally used by the trade. As far as the people who are dealing in these things are concerned, this category of fruit, fresh, canned, frozen, dried, evaporated, preserved has a quite clear meaning to them. It has a meaning quite separate from that of the housewife in connection with jams, jellies and preserves of that type.

Mr. Macdonnell (Greenwood): If that is the full statement then it looks as though I am answered. I was told that there is a regulation, but we can deal with that when the bill is before us.

The Chairman: Subparagraph (c). If there is no discussion, subparagraph (d).

Mr. McLure: This item covers baling wire for baling farm produce. This would be the wire used for baling hay, straw, sawdust, shavings and other such things. I understand that it also includes chicken wire used by farmers. Can the parliamentary assistant state whether I am right?

Mr. Sinclair: I am afraid you are not. Chicken wire is not generally used for baling purposes. Baling wire is the wire commonly referred to as hay wire which is used for the purposes mentioned by the hon. member. This wire is used instead of the twine which was used in the past.

Mr. Wright: I think I will have to correct the farming knowledge of the parliamentary assistant when he says that baling wire is something used in place of the baling twine which was used in the past. As a matter of fact, there were only a few machines which used twine. Baling wire has been used extensively for at least fifty years to my knowledge.

Mr. Sinclair: I am happy to have that correction and perhaps that will satisfy the hon. member for Queens.

The Chairman: Subparagraph (e).

Mr. McLure: Would this cover pens made of fine steel wire which would be used by farmers who are interested in raising mink? I think it should include this type of wire because furs are being taxed in other places and some consideration should be given to the fur producer.

Mr. Sinclair: This item would not cover the wire used in making pens to enclose fur animals or poultry, for instance. This is the recognition of a need for greater extension to include newer types of farm equipment. Last year we had a rather unusual item in connection with milking parlours. That seemed a rather odd thing to members who were not acquainted with farm operations, but it was a perfectly proper development in the dairying industry. These steel pens are sold as a unit. It is not a matter of stringing wire on posts. Requests have been made by farm members of this house and by cattle associations for the inclusion of this item. Last year we included stanchions, feeding troughs and milking parlours and this is another extension of the exemption of articles of farm equipment.

The Chairman: Subparagraph (f).

Mr. Sinclair: The hon. member for Iles-de-la-Madeleine stated earlier that he appreciated the exemption being applied to preservatives used to remove slime from nets and lines or to increase their life. He asked also that rubber boots and rubber capes used by fishermen should be exempted. That raises a difficult problem in the taxation of commodities, the problem of control. Rubber boots and rubber capes are not used solely by fishermen nor are they sold only through fishing supply houses. They are sold generally for industrial and ordinary use. The manufacturer sells to the wholesalers and suppliers, who then sell them to the fishing supply people and to many other retailers. Because of that administrative problem it has not been possible, despite the hon. member's representations, to include them in the considerable list of fishing supplies which are now exempt from the sales tax.

Mr. Stuart (Charlotte): This item is of great interest to the members from the maritime provinces. For some time I have wondered why preservatives used in the fishing industry were not exempt from sales tax. This matter has been brought to the attention of the department and discussed in the house on different occasions. I had received correspondence from fishermen in the province of New Brunswick, from manufacturers, wholesalers and retailers, bringing this matter to my attention. Together with the hon. member for Saint John-Albert, the matter was taken up with the department some time ago. Speaking in the chamber on March 12, I mentioned the fact that pesticides or insecticides used in agriculture were exempt from sales tax. For that reason I would expect that materials used for the same purpose in the fishing industry would receive the same treatment. For the benefit of those who do not have any knowledge about this small item, I might say that coal tar is one product used to a great extent all over the maritime provinces.

We have to contend with the marine borer and in many parts of the maritime provinces lobster pots have to be dipped completely in coal tar. Prior to the war coal tar sold for $5, $6 or $7 a barrel. Since the war it has steadily increased in price until today it costs the fishermen about $22 a barrel, and there was a sales tax of $2.20 added to that retail price. I know this step will be appreciated by those engaged in the fishing industry. Catechu and other preservatives are also used. They would come under this item and that also will be of some benefit to the fishermen. I want to take this opportunity to thank those responsible for giving serious consideration to this problem and finally deciding to do away with the sales tax. I can assure the officials of the department who are responsible that the move will be appreciated by all fishermen of the maritime provinces.

Mr. Riley: I should like to endorse what the hon. member for Charlotte has just said with respect to this concession to the fishermen of the maritime provinces particularly. At the same time I should like to point out that the hon. member for Charlotte first brought this matter to my attention a couple of years ago. I join with him in expressing the appreciation of the fishermen of our part of the country for the relief given to them under this item. The loss of revenue to the government may not amount to very much but the saving to the fishermen, who felt previously that they could ill afford to pay this tax, is a really big item to them. Again I should like to thank the officials of the department responsible for this relief.

Mr. Nowlan: I should also like to say a word about this matter. The fishermen on the bay of Fundy coast engaged in hand lining and that type of fishing are also interested in this matter, and I know that the relief that has been given will be appreciated by them. However, I would suggest to the parliamentary assistant that this is only a beginning on what I think should be further consideration of the problem of the fishermen. After all, the department has gone a long way throughout the years in dealing with the farmer. Today a very large part of the equipment used in the farming industry is exempt from sales tax, and properly so. The fisherman, who is also a primary producer and who is facing very serious problems, should be given more consideration than has been the case heretofore. The parliamentary assistant mentioned a moment ago the problem involved in connection with the goods mentioned by the hon. member for Iles-de-la-Madeleine. Obviously there are administrative problems but I think they can be overcome. Gasoline used by farmers is coloured in some way and is not liable for tax. I am quite sure that the manufacturers of fishermen's goods could put a mark on them of some kind so that they could be recognized as such and be exempt from sales tax if such an exemption were granted. Some sort of brand could be put on them, probably not by way of colour but in some other way.

Mr. Byrne: So the miner could not wear them.

Mr. Nowlan: I am sure it can be done. It is a matter of working it out. We realize there are administrative details but there are far greater problems confronting the fishing industry today than the problems of administration confronting the department. I hope that the department and the parliamentary assistant in reviewing the matter in the future will give further consideration to the relaxation of sales tax on this branch of primary industry.

Mr. Gibson: Can the parliamentary assistant tell me if this provision applies to the creosote used in the treatment of piling with respect to some types of fish traps? It might apply there on the same basis.

Mr. Sinclair: If the hon. member will read the item he will see it refers to preservatives for use exclusively in treating nets, ropes and lines used in the fishing industry. I had not thought, as perhaps I should have, of the fact that the piles used in one or two types of fish traps in the riding of the hon. member for Nanaimo, I believe, are creosoted pilings. However, that is a problem that could be raised at a future date. I should like to add one thing to the helpful remarks of the hon. member for Annapolis-Kings. I think some members would be pleasantly surprised if they would look at schedule III and see to what extent we do exempt from sales tax materials used by fishermen. I think that in the house, probably because the farming group is a little more vocal, we have tended to overlook the fact that the government has given very wide exemptions with respect to the articles used by fishermen in commercial fishing. We are always anxious to consider new proposals such as have been made by the hon. member for Annapolis-Kings and the hon. member for Comox-Alberni.

Mr. McLure: Has the parliamentary assistant a list of what are termed preservatives for the treating of rope? If a fisherman were using a quantity of such material for that purpose would his word be taken that it was a preservative for treating rope? For instance, there is one called cutch which is largely used in the treating of nets of all kinds, rope and other lines used in fishing.

It is one of the best preservatives for taking care of fishermen's nets in order to avoid mildew in the hot weather when they are not being used. Would the preservative have to be specified or would a declaration from the fisherman be sufficient?

Mr. Sinclair: In inquiring about this matter I of course was thinking of the types of preservatives used by the fishermen in my own riding, but I am happy to tell the hon. member that the officials of the department mentioned cutch used in the maritimes and said it was a most excellent preservative with no administrative problems since it apparently has no other use except as a preservative of netting. It is included.

Mr. McLure: It is a soluble gum.

Mr. Gibson: Not much of a preservative, either.

Mr. Carroll: There is good reason for thanksgiving this evening so far as the items included in this particular paragraph are concerned. On behalf of the fishermen of the constituency I represent—and there are many of them—I want to thank the government and the Department of Finance particularly for the splendid effort they are making to help the fishermen to reduce their costs of production.

Some three years ago I raised the question that was brought up today by the hon. member for Gaspe, not with the finance department especially but with certain members of the government. I was interested in having something done to reduce the sales and other taxes on gasoline used by fishermen. At that time I was given the same explanation the parliamentary assistant has given tonight. Of course I can see great difficulties in the way of doing anything of that kind, though of course it has been done in other industries. I was glad to hear the parliamentary assistant point out that many things have been done to reduce the cost of production of the fishermen, though often these are not well known by some of the smaller fishermen. The parliamentary assistant pointed out that there is a schedule which sets out all the articles on which taxes have been removed. I do not want to delay the committee longer; I rose only for the purpose I indicated.

Mr. Ashbourne: On behalf of the fishermen of Newfoundland and Labrador I should like to say a word of thanks for this exemption from the sales tax. As other hon. members have said already, I would like to see the government go further and exempt certain other items as well. In regard to rope, for example, I know certain sizes of rope are exempt now from sales tax, but I think the officials of the department might look into the possibility of having the larger sizes exempt as well. While the smaller sizes of rope are used by the individual fishermen, the larger sizes are used on the vessels in which these fishermen go out to sea.

While I am on my feet I would like to support the request made this afternoon by the hon. member for Iles-de-la-Madeleine that certain other articles he referred to be exempt in order that the expenses of the fishermen might be reduced and their earnings increased. I hope the minister will be able to give sympathetic consideration to that request, particularly now when we see the decline of the fisheries in our area. All these things enter into the costs of the fishermen. Cutch, which was mentioned a moment ago, is used almost exclusively in the barking of nets and twine used by the fishermen. Some of them also use it for barking their sails; and I am very glad this preservative has now been included in the exempt items.

As I said before, I would like to see this list of exemptions made much larger, in order that these men who gain their livelihood reaping the harvest of the sea may be encouraged by seeing something done to assist them. I may be out of order, Mr. Chairman, but these men who go out to catch the fish realize that they do not qualify for unemployment insurance, as do men in other work. That is an additional reason why they should be given further help, so they may continue their work of providing the good protein food so necessary for our people.

Mr. Browne (St. John's West): What section does this come under? Is it under the Excise Tax Act?

Mr. Sinclair: Schedule III gives the exemptions from sales tax, and these will be added to that.

Mr. Browne (St. John's West): How much will the government lose in revenue by removing this tax?

Mr. Sinclair: This is one of the items where it is very difficult to make any estimate, because chemicals of the creosote-copper sulphate type are used in many other lines of industry and are taxed. They are under one tariff item, so it would be impossible to make an estimate.

Mr. Browne (St. John's West): I suppose it would be a comparatively small amount?

Mr. Sinclair: I know that to fishermen in my own riding the cost of washing nets is very considerable. As far as the eastern fishermen are concerned, the members who have spoken tonight seem to think this is a substantial cost to the individual fisherman.

Mr. Browne (St. John's West): Do you know the revenue from that complete item at the present time?

Mr. Stuart (Charlotte): If I may say so, it will save thousands of dollars to maritime fishermen.

Mr. Sinclair: The answer is the same. It is a problem which very often occurs here when exemptions are made for one class within a group. Aside from this one material, cutch, apparently the other preservatives are widely used also in other branches of industry where they are not exempt. Since they were all taxable, there has never been any attempt in our tax records to set aside for example the copper sulphate used for preserving nets, as distinct from that used in many other branches of industry. That is why it is impossible to give an estimate. The only measure we have of the importance of the issue is the fact that representations have been made by members of parliament from fishing ridings and by fishermen's associations, asking for the removal of this tax.

Mr. Browne (St. John's West): Has any consideration been given to removing the duty on material which goes into the manufacture of nets? For instance, they are going to use a great deal of nylon now, which I understand is very much stronger and more lasting than the material now in use. Is any consideration being given to taking the duty or sales tax off that material; or is there any sales tax on it?

Mr. Sinclair: At the present time there is no sales tax. A year or two ago we had a debate on that matter. Up to that time nylon had been included in the lingerie items in the tariff, because that was its principal use. It was only when the other use developed, first of all on the west coast in connection with tuna fishing and latterly, though not to any great extent, in connection with nets—though it was used to a considerable extent in making small ropes and lines—that further consideration had to be given. When we come to the Customs Tariff I can explain that; but there is no sales tax on nylon when used for fishing lines.

Mr. Gibson: I wonder if the parliamentary assistant could tell me whether this also applies to anhydrous copper sulphate?

Mr. Sinclair: When used as a preservative for fishing nets.

The Chairman: Then have we concluded the discussion on subparagraph (f)?

Some hon. Members: Agreed.

[Mr. Sinclair.]

The Chairman: Then we will take up subparagraph (g). Is there any discussion? If not we will go on to subparagraph (h).

Mr. Wright: What is the customs tariff now on items 411a, 437 and 476b?

Mr. Sinclair: The reason we are putting 411a in here is to carry out what has been the administrative practice under a ruling of the tariff appeal board. Item 411a reads:

> Machinery, logging cars, cranes, blocks and tackle, wire rope, but not including wire rope to be used for guy ropes or in braking logs going down grade, and complete parts of all the foregoing, for use exclusively in the operation of logging, such operation to include the removal of the log from stump to skidway, log dump, or common or other carrier.

That is at present administratively carried out, but we are now putting it in the act.

The second thing is perhaps of more general interest, though I am quite sure that item 411a is of great interest to certain hon. members here. Item 437 covers the following:

> Locomotives, cars and coaches and repair equipment, belonging to railroads, brought temporarily into Canada for the purpose of clearing obstructions, fighting fires or making emergency repairs on railway lines within Canada;

When railway equipment is brought in here from the United States on rental to Canadian railways, as sometimes occurs, we do charge them sales tax. Occasionally when a disaster occurs, such as a bridge going out or a fire, it is necessary to move in railway equipment through the United States to fix the bridge or fight the fire. The Railway Association has made representations that it was unfair to assess sales tax or the 1/60th duty per month on railway apparatus brought in for that purpose.

The item also covers:

> . . . detector cars when imported to test rail in tracks in Canada.

There are new types of cars turned out by the Sperry Company whereby the car itself going down the track can detect a crack in the rails that is not obvious so far as the observation of the track walker is concerned. There are no such cars permanently in Canada, and up to the present time they have come in for testing Canadian lines.

The third item covers:

> Surgical suction apparatus including motive power; prepared surgical sutures; ethylene; operating room lights designed to minimize shadow, not including bulbs; all the foregoing of a class or kind not made in Canada, and complete parts thereof, for the use of any public hospital, under regulations prescribed by the minister.

There is one other item which I should mention because it is not covered by the resolution. The customs tariff item and the excise tax items should be generally in the same language, and these items on artificial limbs have been different in the two acts.

Tonight, therefore, in the excise tax resolution and in the customs tariff resolution we are going to make the items the same. Item 236b in the excise tax schedule reads, "spinal braces and parts thereof; artificial limbs and parts thereof". We are changing that to read, "artificial limbs, spinal and other orthopedic braces and parts of the foregoing". The same wording will be in the customs tariff resolution to which we shall come later.

Mr. Wright: There is just one question I wanted to ask the parliamentary assistant concerning the sales tax. Can he tell me whether sales tax is charged on tires for farm wagons for replacement purposes or on tires for farm machinery for replacement purposes?

Mr. Sinclair: My understanding is that they are, but I can have confirmation of that in just a moment or two. If we are not on this resolution, I shall answer that on the next resolution.

Mr. Byrne: Can the parliamentary assistant say whether any consideration has been given to exempting safety equipment which the boys are required to wear in accordance with their duties in the mines?

Mr. Sinclair: I do not know of any request having been made but the hard hats, for example, that are used by both loggers and miners in British Columbia are taxable.

Mr. Jones: Is consideration being given to exempting from sales tax materials and goods used in the treatment of cancer? I have been asked about it. I feel it should be exempted, because the material cannot be purchased in Canada at all. These victims have to buy it in large quantities.

Mr. Sinclair: I am not familiar with the equipment to which the hon. member is referring. This afternoon I said that recommendations, for the most part, did come from the Department of National Health and Welfare and further back from the medical profession. Radium is free from sales tax, and it is used in the treatment of cancer. Perhaps if the hon. member would let me know a few of the details concerning this other equipment, I could give him an answer. X-ray apparatus which is used in the treatment of cancer is also exempt.

Mr. Jones: The doctor orders the patient to purchase this equipment for his own use, and this particular patient drew to my attention that it was not available in Canada. I would be pleased to give further particulars to the minister. Could that be exempted later?

Mr. Sinclair: The matter could be given study. All these things have to be studied, and the question has not been raised.

Mr. Jones: If the merits of the case warrant exemption, could that be done?

Mr. Sinclair: Once again I may say that these exemptions for drugs and for equipment are generally given in cases where the drug is not being used as an immediate cure but as a continuing treatment. The example I used this afternoon was insulin for diabetes. If the hon. member cares to provide the minister or myself with the details the matter can be given consideration, but whether the consideration will be favourable will depend upon the recommendation of the medical authorities and the extent of the use of the particular apparatus.

Mr. Knight: There is one thing that is in continuing use by the victims of deafness. Did the government give consideration to the exemption from duties and sales tax of equipment for the deaf? It is a plea that I have made before in this house. All this equipment comes from the United States and there is always a hold-up at the border. The equipment is so expensive that in many cases people have to do with items for a long time because they cannot afford to have duplicates. If anything is to be done about it, it should be taken into immediate consideration. Has the parliamentary assistant any comment on that?

Mr. Sinclair: The comment I have is that it has been given consideration and a step forward has been taken. The hon. member has said most of the apparatus does come from the United States. I do not want to be out of order, but if you look ahead in the customs tariff items you will find item 482 has been extended. We can resume this discussion when we get to the customs tariff resolution.

Mr. Knowles: This is just a technical question, but when the parliamentary assistant first began to discuss paragraph 9(h) he said that these changes were being made to bring the statutory provisions into line with administrative practice following a decision of the tariff board. I am not criticizing the changes that have been made. They sound very good to me, but I should like to know how a decision of the tariff board affected sales tax matters.

Mr. Sinclair: The first point, of course, so far as the tariff board is concerned, is that not only matters in respect of tariff coming under the Department of National Revenue, but also rulings by the department on excise and sales tax matters can be appealed to the tariff appeal board. That is the first

point. The second point was that the appeal was made against the wording in the act. The intent had been carried out by the department. This was the intent that had been carried out. The ruling of the tariff board on the present wording in the act was adverse to that intent. Item 411a has now been changed to carry out what was the practice, what was the intent and what is the wish of the industry as far as that is concerned. But the hon. member's primary point is as to appeal to the tariff board. That board can be appealed to on matters of excise tax or sales tax as well as tariffs.

Mr. Knight: Before we get too far from the item which I raised, I should like to point out that what the parliamentary assistant was talking about in item 482 was the matter of tariffs. I think he said that.

Mr. Sinclair: No.

Mr. Knight: This particular item on which we are now working is paragraph 9, which reads "That the sales tax on the following goods be repealed." My question had not reference to item 482 in the tariff rates which we shall come to later. What I asked him was whether any consideration has been given to the abolition of the sales tax on those particular goods.

Mr. Sinclair: The reason I mentioned the customs tariff, Mr. Chairman, was that he actually asked me whether anything had been done in that regard. I said that nothing had been done.

Mr. Knight: I beg the parliamentary assistant's pardon. I did not ask him any such thing. I asked whether the government had given any consideration to the abolition of the sales tax on those particular items, namely equipment for the deaf, such as batteries and so on.

Mr. Sinclair: Once again, Mr. Chairman, accepting even the words of the hon. gentleman at the present time, may I say that not only did the government give consideration but in giving that consideration they decided to give this relief especially since, as the hon. member pointed out, most of this equipment still comes from the United States; and the relief was from 15 per cent under some British categories—22½ per cent, 15 per cent and 20 per cent in the American tariff. That is a substantial step forward as far as the cost of these articles to the people in Canada is concerned. I was trying to show him that consideration has been given and that a step forward has been taken. It is quite true, however, that as yet the sales tax has not been removed.

[Mr. Sinclair.]

Mr. Knight: I am talking about the sales tax. I should like to know where that sales tax on such goods is collected. As to this equipment for the deaf which is coming from the United States, where is the sales tax collected?

Mr. Sinclair: The sales tax on any import is collected at the place of import.

Mr. Knight: Exactly; and that is the point. That is the reason why I mentioned that these goods came chiefly from the United States. In my experience—and I have had half a dozen cases of this particular type—the fact is that this sales tax is collected at the border, and the delay is not owing to the tariff or the customs duty but is owing to the collection of the sales tax at the border point. I have known, from my own experience, of a lady who had to wait ten days or two weeks until these formalities were taken care of; in her particular case she could perhaps afford to pay the sales tax. But the point is that the sales tax is collected at the border and it causes delay. That was her particular complaint, and I think her complaint was a valid one. These people are absolutely helpless without their hearing aids; they might as well not be living as far as any association with other people is concerned.

Mr. Sinclair: Mr. Chairman, the sales tax on goods which are imported is collected by exactly the same officials who collect the customs tariff and the excise tax, if applicable, namely the officers of the customs and excise division of the Department of National Revenue. I pointed out that consideration has been given, that a measure of relief has been given,—

Mr. Knight: With regard to the sales tax?

Mr. Sinclair: —a measure of relief actually more substantial than mere removal of the sales tax, if he will consult the customs tariff.

Mr. Knight: I suggest that the parliamentary assistant should talk about relief in the tariff when we come to item 482, if I may use his own words. I am talking about alleviation of the sales tax, as mentioned in this paragraph 9 with which we are now dealing.

Mr. Sinclair: I do not know how often I have to tell the hon. member that there was no relief given in the sales tax; but in the consideration of that problem, very substantial relief has been given to imports, which is the very point he himself raised when he mentioned the fact that most of these goods come from the United States. Despite what the hon. member may think, I am sure most

of the people in Canada who need these hearing aids will be grateful for the substantial reduction in the tariff which is included in the schedule.

Mr. Knight: Mr. Chairman, I did not ask for any postscript to the answer to my question. I am to understand, then, that there has been no alleviation in this budget with regard to the sales tax on equipment for the deaf? Can the parliamentary assistant answer that question yes or no and let us get on with something else?

Mr. Sinclair: I am happy to find that at last the hon. member has understood. There is no reduction in the sales tax on this equipment. And I again say, so that he will not be able to misunderstand me the next time, that there has been a substantial reduction in the customs tariff. If the hon. member is sincerely interested in the problem, I would suggest that he study the full impact of all taxation on such things, not merely the excise tax.

Mr. Knight: We will deal with the other matter when we come to it.

The Chairman: Shall we take up paragraph 10? Is that agreed?

Mr. Catherwood: Before we come to paragraph 10, may I ask this question? As a result of the explanation given by the parliamentary assistant it would be impossible to estimate the loss of revenue in a section such as this. Can he tell me approximately what would be the total loss of revenue resulting from a repeal of the sales tax, under section 9, on all these items (a) to (h) inclusive?

Mr. Sinclair: In his budget address the minister gave the estimate on those as $1 million.

The Chairman: Shall we take up paragraph 10?

Mr. Sinclair: One moment, Mr. Chairman. The hon. member for Melfort asked me whether tires for replacements on farm equipment are exempt from sales tax. The answer is yes, on farm implements and on any farm machinery. That is in the farm implement item 409b, etc.

Mr. Wright: Sales tax is not collected on tires for farm machinery?

Mr. Sinclair: On those items which are in that class in item 409.

Mr. Wright: Can you give us those?

Mr. Sinclair: It is the farm implement item. This is put in the Excise Tax Act. There is at least a page and a half of them.

The Chairman: Shall we now take up paragraph 10?

Some hon. Members: Agreed.

The Chairman: Is there any discussion of paragraph 10?

Some hon. Members: Carried.

The Chairman: Shall the resolution carry?

Mr. Macdonnell (Greenwood): Mr. Chairman, I want to make an attempt to convince the parliamentary assistant that there is still an inconsistency as between paragraph 1 and paragraph 4. I want him to look at the Excise Tax Act and either agree with me or tell me where I am wrong. On page 34 of the Excise Tax Act it is stated that stoves of a certain type are subject to 15 per cent tax. Then paragraph 1 states that articles in schedule I of the act that are at present subject to the rate of 25 per cent be reduced to 15 per cent. I take it that that does not affect the status of these stoves which remain at 15 per cent so far as paragraph 1 is concerned. If I am right up to that point, then I suggest to the parliamentary assistant that when you come to paragraph 4, there should be some qualification in the word "stoves", something to the effect "That the excise tax on stoves other than those referred to in 3(b) of schedule I."

Mr. Sinclair: The actual resolution says that the excise tax on goods enumerated in schedule I of the act which are at the present time subject to the rate of 25 per cent are going to be reduced to 15 per cent. Well, that does not include 3(b) because 3(b) is not at 25 per cent; it is at 15 per cent. That is the electrical appliances group on which we put a special tax of 15 per cent, and now paragraph 4 says that is all repealed.

Mr. Macdonnell (Greenwood): In other words, you say that paragraph 4 comes along and repeals the tax on all stoves? It does away with the effect of 3(b) on stoves?

Mr. Sinclair: Yes; and when the bill comes along 3(b) will not be in it. The first resolution, the 25 per cent rate under paragraph 3 is repealed, and then the fourth paragraph says that this special 15 per cent tax on stoves—it is generally referred to as being on electrical appliances—is also repealed.

Mr. Macdonnell (Greenwood): If that is what is in the bill perhaps that covers it, but it does seem to me to be a roundabout way to get at it.

Resolution agreed to.

Excise Act

The Chairman: We shall now take up the resolution dealing with the Excise Act which reads as follows:

EXCISE ACT

Resolved, that it is expedient to introduce a measure to amend the Excise Act, 1934 and to provide:

1. That the duty of excise on spirits distilled from wine produced from native fruits and used in the treatment of domestic wine be repealed.
2. That the duty of excise on spirits used directly in the manufacture of goods subject to excise tax under schedule I of the Excise Tax Act be repealed.
3. That the duty of excise on beer or malt liquor brewed in whole or in part from any substance other than malt be reduced from forty-five cents to forty-two cents per gallon.
4. That any enactment founded upon this resolution be deemed to have come into force on the ninth day of April nineteen hundred and fifty-two.

We shall deal with the paragraphs seriatim. Is there any discussion on paragraph 1?

Mr. Knowles: Will the parliamentary assistant explain this paragraph? Perhaps he can give a general explanation with regard to this resolution as a whole.

Mr. Sinclair: Hon. members may recall that those members who are from the areas of Canada which produce wine, the Niagara peninsula, part of Quebec, the Okanagan valley and Vancouver island, at various times have protested against foreign wines in one respect being more favourably treated as far as taxation is concerned—that is aside from customs tax—than domestic wines. The reason for that lay in the fact that as far as light wines are concerned, wines of ordinary fermentation, Canadian wines have an advantage; but on wines which are called fortified wines, wines to which spirits are added, heavier wines, for example, sherry, to which grape alcohol has been added, the Canadian wines suffer a disadvantage because we levy an excise duty on the spirits which they use to fortify the wine, and when the wine is sold to the public we put an excise tax on it. They objected first of all to the fact that we levied this excise duty on what was an article used in the manufacture of goods. In general we try to avoid that. They objected also to the fact that there was a pyramiding of taxes since the excise tax was then paid on the resulting cost of the wine, which included not only the cost of the spirits to fortify the wine, but the excise duty on it. And the various members from those ridings, the grape growers association and the wine growers associations on many occasions have asked that this problem be considered. It has been, and we are now removing the extra duty of $1.50 a gallon on those spirits which are used in the manufacture of these strong wines to fortify them. We still at the end have the same excise taxes; that is, when the wines are sold to the public, of 50 cents a gallon on still wines, and $2.50 a gallon on sparkling wine.

Mr. Adamson: What is the difference between light wine and strong wine? What is the difference in alcoholic content? When does a wine become strong wine, and when does it cease being a light wine?

Mr. Sinclair: My understanding is just at the point when it is fortified; when it has gone through its own process of natural fermentation and then has to be fortified with distilled spirit, which is generally a grape brandy, it is a strong wine; that is the wine on which this special excise duty is applied. On the ordinary wine, which is not fortified, this duty of course does not apply. It was only on the wines such as port and sherry, which come to my mind, continental wines which are fortified, that this applied.

Mr. Adamson: Irrespective of the strength of the wine at natural fermentation, it does not come into this category?

Mr. Sinclair: Light—

Mr. Adamson: No matter how strong is the alcoholic content of natural wine, it does not come under this?

Mr. Sinclair: A natural wine does not use spirits for its fortification. I think if you remember your high school chemistry, or perhaps your efforts and mine to make home brew or homemade wine, you will recall that there is an early limit to natural fermentation.

Mr. Adamson: It blew up eventually.

Mr. Sinclair: There is little variation between the strength of natural fermentation of wine and beer. The next step to get it up to 20 per cent alcoholic content can only be reached by the addition of the spirits. I think the hon. member for Lincoln wants to speak on this. He is more of an authority on this matter than you or I.

Mr. Cavers: I should like to compliment the Minister of Finance and his parliamentary assistant on the inclusion of this matter in the tax item that we are discussing at this time, because it has to do with a very important industry in the district from which I come, namely, the producing of grapes in the district of the Niagara peninsula. There are many grape growers in the Niagara peninsula, the majority in the constituency of Lincoln and some in the constituency of Welland.

Mr. Lennard: What about Wentworth?

Mr. Cavers: And there are some in Wentworth too. To a great extent, they depend

on the growing of grapes. We appreciate very much the effort that has been made by the Minister of Finance and his parliamentary assistant in arranging to have this tax repealed which we feel is an unjust tax on the grape growers of the Niagara district. It put us in a very unfavourable position with regard to wine which is imported from California, South Africa, South America and other countries. This deletion is only fair treatment for the grape growers and domestic wine producers of the province of Ontario.

The Chairman: We shall now discuss paragraph 2 which deals with the excise tax on spirits used directly in the manufacture of goods.

Mr. Sinclair: I may give a word of explanation on this. These spirits referred to in item 1 are also used in the manufacture of certain mouth washes and hair lotions and things like that, and exactly the same argument applies, namely, that they pay an excise duty when they manufacture it, then they pay an excise tax and a sales tax on the finished product. Since we were clearing up the situation as far as the wine growers were concerned we decided to do the same thing with respect to those other manufactured products.

The Chairman: Is there any discussion on paragraph 3?

Mr. Knowles: I am glad to hear the parliamentary assistant admit in what he has said on the first two paragraphs of this resolution that there is such a thing as a tax that pyramids.

Mr. Sinclair: Very rare—these cases are so rare—

Some hon. Members: Oh, oh.

Mr. Sinclair: Hon. members are laughing, but they will recall that our two main indirect taxes are sales taxes and excise taxes, and they are not pyramided. They are calculated on the same base. This was one of the rare examples where there was one in the wine. I made a little error with the wine, since the excise tax on wine is specified by the gallonage. Therefore it was not pyramided; but in the case of the mouth washes and the hair lotions there was an element of pyramiding because of the application of 10 per cent sales tax to the finished product.

The Chairman: If there is no discussion on paragraph 3, we shall proceed with paragraph 4.

Mr. Sinclair: There is another anomaly in paragraph 3. Ninety-five per cent of the beer in Canada is made from malt, and we tax the malt to secure the tax on the beer produced, and we tax it at the rate of 21 cents a pound. It takes two pounds of malt to make a gallon of beer, and that is at the rate of 42 cents a gallon. There are several other beers in Canada, some made from rice and some made from corn flakes, other than malt, and they have been in the past taxed at 45 cents a gallon. Those who were in this type of brewing business complained that they were being discriminated against and so the tax has been reduced on these rice and corn beers to the same rate as on the malt beers, 42 cents per gallon.

Resolution agreed to.

CUSTOMS TARIFF

1. Resolved, that schedule A to the customs tariff be amended by striking thereout tariff items 216d, 216e, 216f, 231d, 231e, 237(a), 237(b), 237(c), 237(d), 238(1), 238(2), 238(3) (i), 238(3) (ii), 238(4) (i), 238(4) (ii), 238(5) (i), 238(5) (ii), 238(6) (i), 238(6) (ii), 238a, 238b, 238c, 238d, 238e, 238f, 238g, 318, 319, 320, 321, 322, 322a, 323, 324 and 325, the several enumerations of goods respectively, and the several rates of duties of customs, if any, set opposite each of the said items, and by inserting the following items, enumerations and rates of duty in said schedule A.

Mr. Macdonnell (Greenwood): I hope the parliamentary assistant is going to make a general explanation. The minister referred to this in most general terms. I understand that the chief items to be dealt with concern glass and plastic. I understand also that there are actually some increases in the tariff rates with which I am sure the parliamentary assistant will want to deal more particularly because we were assured not long ago in the most moving terms that the raising of the tariff was an unholy thing that this government would never do.

Mr. Sinclair: Hon. members will realize, as the minister pointed out in his budget speech, that these items fall mainly into three classes. The minister's remarks will be found on page 1256 of *Hansard*. The first class covers changes which are consequent upon investigations which were carried out by the tariff appeal board on plastics and glass. There are actually four voluminous and excellent reports which the minister tabled the night he gave his budget speech.

The second group covers changes in classification and nomenclature. This is a very rapidly developing world as far as chemicals and other specialized products are concerned and new names, descriptions and terms are being created. It was necessary to bring the tariff items up to date as far as names were concerned.

The third group covers the incorporation into the tariff schedules of various reductions made by order in council under section 284 of the Customs Act. The governor in council

has authority to reduce the tariff on materials which are used in the manufacture of goods in Canada. The governor in council cannot reduce the tariff on manufactured articles, but it can be reduced on primary products. Some of these reductions by order in council go back as far as 1907 and they are now being incorporated in the schedule.

The first group of items, as I say, are as a consequence of investigations which have been made in recent years by the tariff appeal board on both plastics and glass. Last year the tariff board made an interim report, and we adopted into our schedule, certain items covering plastics both of the cellulose and resin type. I find it most difficult to condense the report—

Mr. Macdonnell (Greenwood): Does the parliamentary assistant intend to come back to plastics later on?

Mr. Sinclair: I think the glass items are first. I find it most difficult to condense this most exhaustive report on the glass industry. Some hon. members may have read it, and others may not have had the time. I have a statement here of information culled from that long report which may or may not be of value.

The essence is that here in Canada there are two principal manufacturers of glass, one a branch of a British company and one a branch of a United States company. They make what is commonly called sheet glass; they do not make plate glass. There are considerable imports from Great Britain, the United States, Belgium, France and Czechoslovakia.

When glass is imported for manufacture into other products, such as plate glass and the better qualities of sheet glass for manufacture into mirrors, it was subject to a drawback of 50 per cent. The main consequence of this report on glass has been a reduction in the tariff on glass and the removal of the 50 per cent drawback which had been allowed on glass imported for manufacture into mirrors, for laminated glass, for thermopane double glass and so on.

This is an extremely technical thing and I can read this statement if hon. members desire. The only purpose in reading it would be to place on the record a summary of this excellent report by the tariff board.

Mr. Macdonnell (Greenwood): I do not want the parliamentary assistant to have to read a long report, but it seems to me he might deal briefly with the expectations as to the course of trade and prices which are expected to flow from the recommendations.

[Mr. Sinclair.]

Mr. Sinclair: To forecast trade and prices would be rather difficult. Perhaps it might be helpful if I gave this report. The total imports during 1951 of sheet and plate glass were valued at about $14 million, of which the United Kingdom supplied $5,600,000 worth. Imports from foreign countries were valued at about $8,400,000, of which the United States supplied $4,400,000 worth, Belgium $2,500,000 worth, France $570,000, Czechoslovakia $450,000 worth, and Germany about $300,000 worth.

The most important item in the new glass schedule is item 319, which covers plate glass, formerly dutiable under tariff items 320, 321 and 322. Item 320 covered plate glass in sheets up to 7 square feet and was duty free under the British preferential tariff and a most-favoured-nation rate of 10 per cent. Item 321 provided for plate glass in sheets over 7, but not over 25 square feet, duty free under the British preferential tariff with a most-favoured-nation rate of 20 per cent.

I might say in passing that there is no general rate on glass because countries outside the general agreement covering most favoured nations are not exporters of glass, or for that matter manufacturers of glass.

Mrs. Fairclough: Except Czechoslovakia.

Mr. Sinclair: Czechoslovakia is a member of the general agreement on tariffs and trade.

Item 322 provided for plate glass, n.o.p., at rates of 17½ per cent under the British preferential and 25 per cent under the most-favoured-nation tariff. A drawback of 99 per cent of the customs duty applied to plate glass when used in the manufacture of safety glass. This provision for a drawback is now being cancelled and plate glass will continue to be duty free under the British preferential tariff with a most-favoured-nation rate of 5 per cent.

The imports of plate glass during 1951 were valued at $6,730,000. The United Kingdom supplied $2,167,000 worth, United States $3,460,000 worth, Belgium $970,000 worth, France $72,000 worth, and Germany $62,000 worth.

The item of second importance in the new glass schedule is item 318, which now covers ordinary window glass and thick window glass. The former item 318 provided for ordinary window glass duty free under the British preferential tariff with a most-favoured-nation rate of 10 per cent. Item 319 provided for thick window glass duty free under the British preferential tariff with a most-favoured-nation rate of 20 per cent. A drawback of 50 per cent of the duty was allowed on

thick window glass and plate glass used in the manufacture of mirrors. The drawback provision is cancelled and window glass continues duty free under the British preferential tariff with a reduction in the most-favoured-nation rate from 10 per cent to 7½ per cent. Imports during 1951 of the glass covered by the new item 318 were valued at $5,450,000 of which the United Kingdom supplied over $2,720,000 worth, Belgium $1,400,000, France, $450,000, Czechoslovakia, $446,000 and Germany $225,000.

The other important items in the new glass schedule are 322(a), 322(b) and 323, the items covering laminated glass or safety glass. We have had plate glass, sheet glass and now this is the third major glass item in Canadian industry. During 1951 the imports of the glass provided for in these items amounted to only $129,000 worth, but during 1950 the value of the safety glass manufactured in Canada reached almost $10 million. There was $10 million worth made in Canada and $129,000 worth imported. Laminated glass and manufactures thereof were formerly dutiable under tariff item 322a at the rate of 17½ per cent under the British preferential tariff and 25 per cent under the most-favoured-nation tariff. The new item 322(a) reduces the tariff on laminated glass, not further processed than cut into rectangles, to 5 per cent under the British preferential tariff and 12½ per cent under the most-favoured-nation tariff. The former rates of 17½ per cent under the British preferential tariff and 25 per cent under the most-favoured-nation tariff are continued on laminated glass further processed than cut into rectangles and on manufactures of laminated glass. In other words, the semi-finished product when imported in sheets without finishing into sizes carries a considerably lower tariff than the finished product when it is brought in exactly in the shape of windshields and so on. Those are the three principal classifications and the three principal items.

Mr. Macdonnell (Greenwood): I recognize the difficulty of assessing business conditions in Czechoslovakia, but no doubt that was taken into consideration. Would the parliamentary assistant say something about the Czechoslovakian situation?

Mr. Sinclair: This resolution is actually on the tariff items and not on tariff policy. Czechoslovakia is still one of the agreeing parties comprising the thirty-four countries which form part of the general agreement.

Mr. Macdonnell (Greenwood): And as such entitled to most-favoured-nation treatment.

Mr. Sinclair: And as such is entitled to most-favoured-nation treatment unless there is a specific denunciation of that country by another member. That of course was the situation last summer at Geneva when the Americans and the Czechs both denounced the agreement they had made with each other, both however remaining in the general agreement.

Mr. Macdonnell (Greenwood): What was the reason for that denunciation?

Mr. Sinclair: I was there. There was several reasons given on both sides such as the failure to carry out not just tariff reductions but other obligations reached under the agreement. However, I do not think it is proper for me in discussing a tariff item to discuss tariff policy. The second part deals with plastics.

The Chairman: The first part has to do with glass and the second part has to do with synthetic resins.

Mr. Sinclair: I can make the same sort of summary of the report if it is desired or perhaps members would rather read it themselves.

Mr. Nowlan: As to the first paragraph, can the parliamentary assistant tell us what happened? I notice that 238e is set forth in the one but I do not find it enumerated in the schedule. Is that repealed or does it appear under another number?

Mr. Sinclair: The hon. member is now on plastics?

Mr. Nowlan: On the tariffs.

Mr. Sinclair: The tariff on plastics.

Mr. Nowlan: That is right. I might give the background of why I am raising the matter. There has been some correspondence with the department by farmers of my constituency about the importation of plastic silo tops manufactured in the United States. There is a letter from the deputy minister of the department stating that if they are synthetic resins they come under item 711 at a 20 per cent ad valorem rate, and if made of cellulose acetate under tariff item 238 at 25 per cent. I was hopeful that possibly 238e had disappeared and therefore they could come in there.

Mr. Sinclair: Perhaps I could give a short summary of the plastic situation. These old items are removed from the tariff schedule and these new items, including the items passed last year on cellulose and resin plastics, are now a part of the 900 sequence items.

Mr. Nowlan: That is what I feared when I looked it over.

Mr. Sinclair: If you want the rates I can give you the rates.

Mr. Nowlan: Where are they now?

Mr. Sinclair: Item 915. The great difficulty is in knowing exactly what type of plastic article the hon. member is referring to because one has to be an organic chemist of pretty high standing to pick out these various plastics.

Mr. Nowlan: The deputy minister says it comes under synthetic resin which would be 711—this was written last year by the department—or else 238e if made of cellulose acetate.

Mr. Sinclair: Item 908 is the one that now has to do with manufactures of synthetic resins. The rates are 15 per cent, 20 per cent and 30 per cent.

Mr. Nowlan: The most-favoured-nation rate is 20 per cent.

Mr. Sinclair: Yes.

Mr. Nowlan: I know that the policy of the department in many cases has been to reduce or abolish the tariff on imported farm machinery of a type not manufactured in Canada. This particular type of equipment is essentially for farms and nothing else. They are plastic covers for silos which of course are in great demand today. We have a letter from the department saying in one case that there is no sales tax because it is for exclusive use by farmers, and then the other letter says that there must be a duty of either 20 or 25 per cent because it comes under one or other of these old items which, as you say, are now 908 or something else.

Mr. Sinclair: That is the problem with the inclusion of this very wide range of plastics in the raw, semi-manufactured and manufactured states. I must confess that, in all the study I have done on these resolutions so far, the most baffling has been this report on plastics because the language is completely foreign to that used by anybody in the House of Commons. The tariff board spent a great deal of time on an actual study of the situation. They called in not only the manufacturers of the basic plastic products but also the manufacturers of the secondary products, and this schedule is to their general satisfaction. It carries through the same basic principle of giving a low tariff or no tariff at all on raw materials not of a class or kind manufactured in Canada, with a slight tariff on those which are manufactured in Canada, and intermediate tariff on semi-processed imports, and a higher tariff on finished articles.

The plastics industry is growing very rapidly in Canada today, particularly in the west, in Alberta with the resins and in British Columbia with the cellulose plastics. In the semi-processed stage the rates are higher; and in the finished stage, which Canadian manufacturers should be able to manufacture if not from primary plastics of Canadian manufacture then from plastics imported from Britain or the United States, the rates are still higher. That is the general pattern which runs through this new schedule which now covers both resin and cellulose plastics.

Mr. Nowlan: I quite appreciate the problems in connection with the development of the plastic industry, but I think the hon. gentleman will agree that this type of plastic covering will have a very small demand in Canada as a whole. I would think it is a type particularly suitable and necessary for farm use, and I suggest that consideration should be given to its exemption when used on farms. I am quite sure it is not manufactured in Canada at all, or if it is the manufacturing is done in western Canada, which raises problems of freight, deliveries and so on in the east.

Mr. Sinclair: That will certainly be given consideration. Now that we have this complete plastics schedule in the tariff I have no doubt we are going to get many requests during the coming year for tariff concessions on items used in fishing, farming and mining. As a matter of fact one item has been mentioned already by various hon. members, a small fishing apparatus which is made of plastic and which is included in an amendment to this schedule.

Mr. Macdonnell (Greenwood): I fully realize the force of what the parliamentary assistant says about this strange new language we are now speaking, but there are one or two general business considerations which I think are relevant. Can we be informed as to how much of what we use in Canada is currently being imported; how much is made by whom, and who are the chief competitors? In other words, just what has induced the tariff board to recommend certain liftings in the tariff?

Mr. Sinclair: All that information is detailed in this report by the tariff board. Every manufacturer in Canada is listed here, with what he makes and what he imports. I am afraid I cannot easily summarize that for the committee except by reading the very long report. The number of secondary manufacturers in Canada is growing very rapidly. We have a fair number of primary manufacturers, and this development in Alberta

with natural gas and oil has given that industry great encouragement. The Columbia cellulose plant in Prince Rupert, which is going to have a chemical plant in Edmonton, is another example of that development. But except by reading the report to the committee in detail, with column after column of figures showing the production of individual companies, I am afraid I cannot give any easy summary.

There is one important point in my opinion, however, which I think should be emphasized. As you know, by the Geneva agreements many of our existing tariff rates have been bound for three years, which means we cannot increase them. Even though we can give reductions to other countries, we cannot increase those rates. Those bindings, of course, were given in return for bindings of value to Canada in other countries; but we were very careful in new fields, where we could not assess the impact of such bindings, not to give any assurances or bindings of that kind. I would like to draw attention to a paragraph in the report of the tariff board which points that out:

> The board does not, in this report, recommend rates of duty which will apply when goods not now made in Canada begin to be produced in this country. The board is aware that industry is concerned lest low or free rates on goods not now manufactured in Canada may become bound against increase under international agreement.

They are thinking, of course, of the general agreement on tariffs and trade.

> In view of the rapidity with which this industry is developing and changing, the board recommends that those responsible for Canada's tariff policy bear this point in mind when undertaking international negotiations or, indeed, when new materials in this field are produced in quantity in Canada.

I may say the Minister of Finance has certainly accepted this recommendation. Moreover the chairman of the tariff board, which made this report, has been on the various Canadian delegations at Havana, Geneva, Annecy and Torquay at which various items were bound, so he is well aware of the problem.

Mr. Macdonnell (Greenwood): I want to go back and ask one question on glass. One of the things that concern one is that as I understand it there is now an abandonment of the drawback, so that Britain and Czechoslovakia are left competing with each other. I have forgotten just what rates were indicated by the parliamentary assistant, but in any case there was formerly a substantial British preference. Have we any assurance that the basis of competition will be fair, and that the dumping regulations now in force will be effective with regard to Czechoslovakia?

Mr. Sinclair: The problem of establishing fair market values for goods from behind the iron curtain is very difficult. That was one of the points raised by the Americans in their denunciation of their trade relations with Czechoslovakia. It is almost impossible for our trade commissioners to circulate freely in Czechoslovakia and find out the current selling prices in that country of the type of goods they send to us. It is even more difficult for individual salesmen going to Czechoslovakia to ascertain those prices. On the other hand it is perfectly open to any Czechoslovakian trade commission or businessman to come to this country and find the fair market price of any commodity. That is undoubtedly a great problem.

However, I think most hon. members are aware that the glass industry was recently the subject of a report by the combines investigation branch. It is an industry in which there is not as much competition as generally exists in other industries in Canada. We have for the most part the Pilkington group of England, who are here with two branch factories, and the Pittsburgh Glass Company of the United States who are here with two or three factories under various names. The only real competition for those two groups comes from those individual Canadian importers who bring in Belgian, French, German and Czechoslovakian glass. Personally I feel that it is pretty healthy to have that competition, especially when you remember that there is only one glass company in all Britain. The Pilkington company is the only glass company there.

I do not want to bring in the findings of the combines branch in connection with the glass industry of Canada, but I feel that the removal of the drawback and the lowering of the duty will be a healthy thing as far as competition in the glass industry in Canada is concerned, and will be of benefit to those who use glass, especially the ordinary household where glass is used for windows and mirrors.

Mr. Hosking: With regard to imports from Czechoslovakia, I have looked through these tariff changes for items dealing with hats and dresses. The hat industry in Canada is finding it very hard to remain in business in competition with imports from Czechoslovakia, where the cost of manufacturing the article apparently is not known and cannot be assessed. Has the department given consideration to having our own government fix a value for these Czechoslovakian products when they come in, and charge the tariff on that assessed value, instead of accepting the figures of these countries behind the iron curtain in regard to the

cost of manufacturing these articles? That would apply to glass and hats and other articles which, in order to hurt us, they send here in quantities at will, and on which no basic value can be set because we have no access to their records.

Mr. Sinclair: That matter, of course, does not relate either to this resolution or to the Department of Finance. There is provision in the law—

The Chairman: If it does not relate to the resolution now before us, I am afraid the hon. member will have to ask his question at another time. Shall this resolution carry?

Mr. Adamson: The minister said no plate glass was made here, and I realize that. When he mentions heavy glass, does he know whether any 32 ounce glass is made in Canada? There is single diamond, double diamond and 32 ounce glass, which I think is especially heavy. Is the latter type manufactured in Canada?

Mr. Sinclair: I do not believe so. I do not recall any mention in this report of heavy sheet glass. Both thin sheet glass and ordinary window glass are the types made in Canada. Cast and rolled glass are also types not made or made in very small quantities. Most of it is imported from either Britain or the United States.

Mr. Adamson: The reason for asking is that I had to buy some the other day, and I was informed that I could not get it in Canada. I had to import Belgian glass, I think it was.

Mr. Sinclair: I have one or two amendments to resolution 2. This is the second class, and perhaps I could give a general summary of the type of change made in this class. Resolution 2 contains 89 items, containing 27 new tariff items established to meet some of the many representations received for reductions in tariff during the last twelve months; 7 items on which the existing rates have been modified with no change in wording; 46 items in regard to which the wording has been clarified or revised to provide for additional products; 9 items which do not precisely fall in any of the above groups.

Some of the principal products covered by the group of 27 items referred to above are: pollen; culinary herbs; carbon tissue paper; plant protectors; extenders or substitutes for blood plasma; mullite; chemical preparations for coating the inside of fluorescent lamps or electronic tubes; plasticizers of petroleum origin; cast shapes of melted basalt rock; overhead rail tracks for industrial plants; dredges for removing the overburden in mines; ball and roller bearings for the repair of agricultural implements; machinery and apparatus for the manufacture of antibiotics, etc.; instruments for the interpretation of aerial photographs; automatic pilots and thermostatic controls for gas water heaters; apparatus for the receiving and transmitting of photographs by wire; steel rolls filled or surfaced with paper or cotton; scale parts; wood split pulleys; tires and tubes for tractors; material for electrotypes and engravings; waste containing aluminum oxide; United Nations and North Atlantic treaty publications; and materials for use in the manufacture of oil well drilling machinery and apparatus. On all of the foregoing the tariff has been substantially reduced or eliminated.

The general tariff on bananas has been reduced from $1 per stem or bunch to $1 per hundred pounds. The general tariff is the most important tariff so far as bananas are concerned, because our sources of supply are countries which are neither under the British preferential nor under the most-favoured-nation tariff. As I said, the general tariff has been reduced from $1 per stem to $1 per hundred pounds; the British preferential rate of 10 per cent and the most-favoured-nation rate of 17½ per cent on olives, sulphured or in brine, not bottled, has been suspended until July 1, 1953; the most-favoured-nation rate of 15 per cent on aircraft, complete parts thereof, and engines therefor, when of types and sizes not made in Canada, has been suspended until July 1, 1955; and the most-favoured-nation rate on ovens for commercial bakeries has been reduced from 10 per cent to 7½ per cent.

The group of 46 items consists mainly of amendments to facilitate administration and to remove anomalies.

Mr. Macdonnell (Greenwood): May I ask what the parliamentary assistant is reading from? Are these amendments to this schedule we have here?

Mr. Sinclair: This is a summary of the changes covered by the second resolution. Actually, the second resolution is embedded right in the schedule. You have to look along past the end of the plastic schedules to find it. It is at the bottom of page 13 if you have the separate resolutions.

The third group covered by this resolution is a group of 46 items consisting mainly of amendments to facilitate administration and to remove anomalies. The wording of some items has been widened in scope. The most important items in this group are those covering automobile parts, the wordings of which have been revised and brought up to date during trade agreement negotiations when some of the most-favoured-nation rates were reduced from 25 per cent to 17½ per cent. The item covering tractors has been amended

to provide for accessories therefor. The wording of the item covering rubber tires has been amended to continue duty free entry of tractor tires which were formerly covered by an administrative ruling. That is part of the problem which the member for Melfort raised. The tariff has been reduced on milk evaporators from 10 per cent to 7½ per cent and the wording of this item has been widened to cover milk driers. The item covering off-highway trucks has been amended to include half-tracks. The revised wording of the item covering photographic cameras and equipment is now being inserted in the permanent tariff. I do not know whether members want to ask questions on the individual items or perhaps I should move the amendments to the items.

Mr. Helme: Mr. Chairman, I wonder if I might mention item 409m which has to do with internal combustion traction engines. I take it this will mean gas, gasoline distillate and diesel engine tractors. Up to the present time there have been three classifications for internal combustion tractors. Am I to understand from this that all three classifications will be free of duty now?

Mr. Sinclair: All internal combustion tractors are now free of duty.

Mr. Helme: It says "accessories", and they have been a rather difficult thing in connection with farm tractors in so far as lighting equipment or starting equipment was concerned. There has been a lot of trouble. Will they be free of duty, too?

Mr. Sinclair: That was included, too. That was a point raised by the farm members last year. The farm tractors themselves were exempt but the accessories were not. Those are now covered. That is one of the items in which there is a change of wording because of representations made between the bringing down of the budget and today.

Perhaps I could move these amendments in order. The first amendment is to tariff item 156a, b, c, d, e and f. This is a liquor item and perhaps I should give an explanation first, and then move the motion. In the present item 156 we do not provide for miniature bottles of liquor. Whiskey is imported from the United Kingdom in miniatures containing 1⅔ ounces, so that a dozen of these miniatures contains 20 ounces, but that is only ⅛ of a gallon. Prior to this amendment the duty on them was collected at the rate of ¾ of a gallon per dozen. This is much the same problem as we had with the tobacco a little earlier. Provision is also made for miniatures containing from ⅛ to a ¼ of a gallon per dozen, for miniatures containing from ¼ gallon to ½ gallon per dozen, and for miniatures containing from ½ to ¾ of a gallon per dozen. Previously all these small bottles were taxed per dozen as containing three-quarters of a gallon. Now we find there is an intermediate stage. We went from one-eighth to a quarter and from one-quarter to a half and from one-half to three-quarters. There are also bottles which have apparently one-sixth —over an eighth and less than a quarter— and the importers pointed out that fact to us. I should therefore like to move that the present item be deleted.

I beg leave to move or the Minister of Public Works will move:

That schedule A to the customs tariff as amended by resolution 2 be further amended by striking thereout the second paragraph of proviso (2), the paragraph covering:

"Bottles, flasks and packages, containing more than one-eighth of a gallon but not more than one-fourth of a gallon per dozen, as one-fourth of a gallon per dozen"

and inserting in lieu thereof in said schedule A the following paragraphs:

"Bottles, flasks and packages, containing more than one-eighth of a gallon but not more than one-sixth of a gallon per dozen, as one-sixth of a gallon per dozen;

Bottles, flasks and packages, containing more than one-sixth of a gallon but not more than one-fourth of a gallon per dozen, as one-fourth of a gallon per dozen;"

This was added. This change was made at the request of the United Kingdom authorities who pointed out that we had covered all except one class by having too wide a gap. Now we cover the bottles in every size of these miniatures.

Mrs. Fairclough: It is some proviso.

The Chairman: This amendment is moved by the Minister of Public Works on behalf of the Minister of Finance. Shall I dispense with the reading of the amendment?

Some hon. Members: Agreed.

The Chairman: Shall the amendment carry?

Amendment agreed to.

Mr. Sinclair: The next amendment is to tariff item 197f. I beg leave to move, or at least the Minister of Public Works will move:

That schedule A to the customs tariff as amended by resolution 2 be further amended by striking thereout tariff item 197f and inserting in lieu thereof in said schedule A the following item, enumeration and rates of duty:

"197f. Carbon tissue paper, valued at not less than forty cents per pound, for use in the manufacture of carbon paper.

B.P.	M.F.N.	Gen.
Free	7½ p.c.	25 p.c.

This is paper produced by Britain, carbon tissue paper not manufactured here in Canada. It is a carbon paper made out of rag stock. It is of better quality than that made in this

country from ordinary newsprint or cellulose. To make quite sure that this reduction to the British covered only rag stock paper a value of not less than 40 cents per pound has been placed on it.

Mrs. Fairclough: One hundred per cent rag content?

Mr. Sinclair: Almost, because it is 40 cents per pound. It is not entirely, but almost.

Mrs. Fairclough: Do we not produce in Canada one hundred per cent rag content?

Mr. Sinclair: Not at all. Ours is all cellulose.

Mrs. Fairclough: Oh, no.

Mr. Sinclair: That is the information I have here.

The Chairman: The committee has heard the amendment proposed by the Minister of Public Works. Is the committee agreeable to the amendment?

Mr. Macdonnell (Greenwood): Is the parliamentary assistant not going to answer the question raised by the hon. member for Hamilton West?

Mr. Sinclair: I thought I just did that. Of this type, our imports last year amounted to 783,000 pounds valued at $348,000. The United Kingdom supplied 298,599 pounds valued at $197,700. The United States supplied 484,505 pounds valued at $150,422.

The Chairman: Shall I again dispense with the reading of the amendment?

Some hon. Members: Agreed.

Mrs. Fairclough: Mr. Chairman, it may be that in this particular classification, where you get into a tissue stock, we do not produce it in Canada in 100 per cent rag content. But 100 per cent rag content stock is produced in Canada. Can the parliamentary assistant say whether or not any 100 per cent rag content stock is produced here in other weights?

Mr. Sinclair: This is for the manufacture of carbon tissue paper.

Mrs. Fairclough: It is a tissue stock.

Mr. Sinclair: We have no information on that from those who manufacture it. There are very excellent 100 per cent rag stock papers made in Canada; there are also some fine papers made. But as to a tissue for the manufacture of carbon paper, the information of the tariff commissioner is that this class of rag stock comes entirely from Britain and the United States. This item is for the advantage of the British. It does not affect any Canadian manufacturer of this carbon tissue paper because ours is valued at less than 40 cents a pound and is therefore not affected.

[Mr. Sinclair.]

The Chairman: Shall the amendment carry?

Amendment agreed to.

Mr. Sinclair: There is an amendment to the section just mentioned by the hon. member for Prince Albert. I beg leave to move, or rather the Minister of Public Works moves:

That schedule A to the customs tariff as amended by resolution 2 be further amended by striking thereout tariff item 409m(1) and inserting in lieu thereof in said schedule A the following item, enumeration and rates of duty:

"409m(1) Internal combustion tractors (not to include highway truck-tractors)—

The important part is that in parenthesis.

—and accessories therefor; parts of all the foregoing.

B.P.	M.F.N.	Gen.
Free	Free	Free

This is to make sure that these so-called highway truck-tractors are not included; but all the ordinary tractors, as we think of them, are now free from tariff as are accessories as well.

Mr. Helme: Do accessories include replacement rubber tires and tubes?

Mr. Sinclair: I am told that will be covered in item 618(b) which we shall come to in just a moment.

Mr. Wright: On this item I have a suggestion to make to the parliamentary assistant. I have been given to understand that this word "accessories" does not cover all of the attachments which should be covered under this item and that representations have been made that the words "attachments and accessories" should be used there instead of simply the word "accessories". I have been informed that there is a great difficulty in the department in distinguishing between what is an attachment and what is an accessory. I am told that it would simplify the administration and would widen the application of this item if the two words were used.

Mr. Sinclair: The second section of this item 409 specifies attachments. I think there is quite a difference between an attachment and an accessory. A plough pulled behind a tractor could be called an attachment.

Mr. Wright: It also is covered under other items.

Mr. Sinclair: That is, of course, the point I am getting at. There is difficulty in the department in distinguishing between what is an accessory and what is a gadget. Again that is a problem of administration. But the present exemption includes the generally accepted accessories to a tractor and they are free in the British, most-favoured-nation and general tariffs.

Mr. Wright: Have representations not been made by the Canadian Federation of Agriculture and other bodies which are interested in having this word accessories widened by using the word attachments there, or in having this item widened by using the word attachments as well as accessories? I am given to understand that there is difficulty in the matter and that it would simplify things greatly if the word attachments were used. If it is possible, will the parliamentary assistant let this amendment stand tonight and make more inquiries with regard to this matter. The second item mentions attachments to be combined with automobiles in Canada for use on traction engines and parts thereof. It uses the word attachment there and not the word accessories. I think there is a point here which should be investigated.

Mr. Sinclair: In the discussion of the tariff schedule, a discussion which is almost continuous in the department—because these representations come forward the year round, unlike income tax representations which are generally made just before the budget—I do not know of any item to which more attention has been given than to this tractor item because of the problem raised and because of the wide use of tractors. I am informed that the Canadian Federation of Agriculture made such a suggestion. The Canadian Federation of Agriculture, in putting forward proposals on behalf of the farmers, naturally want all taxes removed from all types of equipment that can be possibly used by farmers, and to a great degree that has been accomplished in recent years; but as far as the administration of the Department of National Revenue is concerned, this is the wording which they want, and in view of their experience this is the wording which will include all bona fide accessories on tractors, but will exclude others.

Mr. Wright: If there is any regulation which distinguishes between attachments and accessories I should like to know just what the interpretation is as to what is an attachment and what is an accessory. They must have some definition which they go by. I would like to get these two definitions.

Mr. Sinclair: I am informed that neither we nor the United States department of internal revenue have any clear-cut distinction by regulations between an accessory and an attachment. It is the past practice of the department which has been their guide, as to what is a useful accessory and what is not. When the actual bill is before the house we shall have the same item back again, and I shall at that time have with me whatever rulings the department has given in the past on accessories.

Mr. Helme: Item 409m (2) reads:

> Traction attachments designed to be combined with automobiles in Canada for use as traction engines and parts thereof.

I believe this relates to an attachment which can be put on automobiles. You take the back wheels off the automobile and put the tractor wheels on and make a light tractor of it.

Mr. Sinclair: That is right.

Mr. Helme: There are other things pertaining to tractors that are referred to as attachments. For instance, in the trade we refer to lighting attachments, starting attachments, belt pulley attachments, power take-off attachments, hydraulic pump attachments, and so on. These are part of the tractor. I should like to have a clarification of that, if I may.

Mr. Sinclair: I am informed that these are all classed as tractor accessories by the department.

Mr. Helme: They would be free, then.

Mr. Sinclair: That is right.

The Chairman: Hon. members have heard the amendment. Shall it carry?

Mr. Wright: Just one further point. Would a two-wheel platform on rubber tires, attached to an automobile be considered an attachment and be free of duty?

Mr. Sinclair: It certainly does not come under this item. I am informed that it is not—you mean the ordinary little trailer?

Mr. Wright: A two-wheel trailer.

Mr. Sinclair: No, it is not exempt.

Amendment agreed to.

The Chairman: We now come to tariff item 618b.

Mr. Helme: Before we take up item 618b may I refer to item 427b on page 19? This item refers to ball and roller bearings and complete parts thereof for the repair of agricultural implements and agricultural machinery specified in certain tariff items. Across this country we have harvesting equipment, combine harvesters. I was informed last summer—this was in July—by a field man of the customs department that combines as a machine are brought into this country duty free, but any parts that might be required for these combines, once they are in service, are subject to duty. That would of course

include ball bearings. It does not seem reasonable to me that when a machine that was brought in here duty free requires replacement parts duty should have to be paid on them. May we have some information on that?

Mr. Sinclair: This amendment is made specifically to cover that point. It is quite true that in our tariff schedule we still have a few items under which the article itself, with accessories, can be brought in as a unit free of tariff. But when individual parts are replaced some of them—they are getting rarer and rarer—are not duty free. The main reason for such a situation is that the parts may be in very common use in other classes of goods which have paid tariff on the way through. The same situation exists in other goods. As an example I refer to the matter of rubber boots and rubber clothing for fishermen, raised by the hon. member for Iles-de-la-Madeleine when we were discussing the last resolution. This item 427b has been placed specifically in the tariff this year to make sure that not only are the ball bearings and the roller bearings for agricultural implements free when they come in as part of the machinery, but that they are also free as replacements.

Mr. Helme: Am I to understand then from this item that combine harvester, thresher machines are in as agricultural implements?

Mr. Sinclair: Yes.

Mr. Helme: Agricultural implements are duty free?

Mr. Sinclair: Yes.

Mr. Helme: And combine harvesters are wholly used on the farms for threshing and harvesting?

Mr. Sinclair: That is right.

Mr. Helme: It does not seem reasonable to me that parts of these machines should be subject to any duty whatsoever, because they cannot be put on the highway or put to any other use. I must say that with respect to threshing machines which were in use previous to the bringing out of combines—some of them are still in use as a matter of fact—their parts are duty free. They both do practically the same job.

Mr. Sinclair: In the actual case the hon. member referred to, the thresher combine, the parts for them are now duty free. Ball bearings are an example of a commodity which could be well used in other types of machinery which, as a whole coming into the country, might not be duty free. This is an example of the item I was talking about which could be used both on duty free equipment and on equipment which pays duty. To clear up the situation, however, we are specifically including now ball bearings and rollers of all agricultural implements as parts which come in duty free.

The Chairman: Are there any other amendments?

Mr. Sinclair: Yes. I have an amendment to item 447c. This is a new item to provide for duty free entry under the British preferential and most-favoured-nation tariffs of "steel rolls, filled or surfaced with paper or cotton, for use exclusively in the manufacture of paper". These rolls were formerly dutiable under tariff item 446a at the rate of 10 per cent under the British preferential tariff and 22½ per cent under the most-favoured-nation tariff. These rolls are not made in Canada and have to be returned every few months to the United States to be refilled. Each time of their return, duty is assessed at the rate of 22½ per cent.

During the calendar year 1951, 9 new rolls and 77 refilled rolls were imported, the value of which was over $62,000. About 75 per cent of the cost of the refilled roll is represented by the cost of the refilling.

For a number of years the tariff has provided for duty free entry from all countries of forged steel rolls for rolling ferrous or non-ferrous, metals, and for sandcast or cast iron rolls for rolling iron or steel or for use in manufacturing paper.

Since the item has been included, the industry has drawn attention to the fact that the wording was not quite exact as far as their purpose was concerned. Therefore the Minister of Public Works will move that tariff item 447c as at present worded be struck out and the following be substituted:

"447c. Supercalender rolls consisting of a steel core filled with discs of paper or textile fabrics, or both, for use exclusively in the manufacture of paper.

B.P.	M.F.N.	Gen.
Free	Free	35 per cent

Mr. Macdonnell (Greenwood): Where are the rolls chiefly from?

Mr. Sinclair: Entirely from the United States.

Mr. Macdonnell (Greenwood): What is the reason for doing away with the British preference?

Mr. Hunter: You cannot make it any freer than free.

Mr. Macdonnell (Greenwood): Formerly it was 10 per cent on the British preference, 22½ per cent most-favoured-nation, and now they are on the same basis.

Mr. Sinclair: Correct. It is just carrying out the general government policy as far as trading is concerned. We cannot get these rolls from the British. The British have supplied none of these rolls.

Mr. Macdonnell (Greenwood): That is my whole point.

Mr. Sinclair: All these rolls come from United States.

Mrs. Fairclough: All of them?

Mr. Adamson: Are not any made in Canada?

Amendment agreed to.

Mr. Sinclair: I have another amendment to move in connection with item 410f. Up until now we have permitted the tax free importation of dredges used for gold alluvial mining. These dredges are used mainly in the Northwest Territories and the Yukon. It is proposed now to provide for another type of dredge used in alluvial mining in connection with the iron mines in northwestern Ontario. In drafting the item some doubt was expressed as to whether or not the pipe leading away from the dredge through which the dredged material was dumped could be considered part of the dredge, which was certainly the intention. I shall ask my colleague to move an amendment accordingly.

Mr. Fournier (Hull): I move:

That schedule A to the customs tariff as amended by resolution 2 be further amended by striking thereout tariff item 410f(2) and inserting in lieu thereof in said schedule A the following item, enumeration and rates of duty:

410f(2). Complete dredging plant, including integrated floating and shore discharge pipe line and booster station equipment, for development of mineral deposits; parts of all the foregoing.

British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
Free	Free	25 per cent

Mr. Adamson: Where do most of these come from?

Mr. Sinclair: The United States.

Amendment agreed to.

Mr. Sinclair: There is a suggested amendment to item 618b.

Mr. Fournier (Hull): I move:

That schedule A to the customs tariff as amended by resolution 2 be further amended by striking thereout tariff item 618b(1) and inserting in lieu thereof in said schedule A the following item, enumeration and rates of duty:

618b. Tires and tubes, wholly or in part of rubber:

(1) For replacement on the agricultural implements and agricultural machinery specified in tariff items 409b, 409c, 409d, 409e, 409f, 409h, 409j, 409l, and the tractors provided for in tariff item 409m.

British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
Free	Free	Free

Mr. Wright: As most farm machinery today is on rubber this amendment will be of considerable assistance in connection with replacements. Will this apply to farm wagons?

Mr. Sinclair: No.

Mr. Wright: I think the government might go the whole way and make it apply to farm wagons.

Mr. Sinclair: Up until now farm wagons have been looked upon as having other uses as well as agricultural. We have gone quite a long way in this budget in expanding the field of lowered tariff on agricultural items.

Amendment agreed to.

Mr. Sinclair: I shall ask my colleague to move an amendment in connection with 682a.

Mr. Fournier (Hull): I move:

That schedule A to the customs tariff be further amended by striking thereout tariff item 682a and inserting in lieu thereof in said schedule A the following item, enumeration and rates of duty:

682a. Net floats of any material except wood, for use exclusively in commercial fishing; carapace measures of any material.

British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
Free	Free	Free

Mr. Sinclair: In the description of fishing equipment to be exempted we have added "carapace measures of any material." I notice the hon. member for Winnipeg North Centre is smiling. It may be that he does not appreciate the importance of these things to our fisheries. An apparatus for the measuring of lobsters must be effective, in view of the strict enforcement of the law by the fishery department.

Mr. Knowles: The parliamentary assistant does not know my background or he would not say that.

Mr. Sinclair: I am surprised the hon. member laughed.

Mr. Knowles: It may be that I was enjoying what the hon. member said.

Amendment agreed to.

Mr. Knight: I should like to say a word in connection with books, and I am speaking

now on item 708a. Certain publications are admitted to Canada free, but I suggest that there are other publications which should be admitted free and which should not be subject to sales tax. I think hon. members will agree that a contact with books generally is the best form of adult education you can have. There is a school of thought among educators and others that we are neglecting to make the works of the literary masters available to our students, even our university students.

We seem to be turning more and more to digests, synopses and extracts, and to my mind those are no substitute for the original book in the hands of the student. I think the main reason for such substitution is the high price of books. As far as the reading public is concerned, and I am afraid this includes the younger reading public, it seems to be turning more and more to trash, the kind of book that is the cheapest. I refer mainly to the 25 cent books to be purchased in drug stores, pool rooms or tobacconists.

I should like to say something with regard to censorship for the benefit of the Minister of National Revenue. I do not intend to commit myself now as being in favour or not in favour of censoring our reading matter, since I should be called to order, but I do want to say that we might as well not have any censorship in this country as to have the type of censorship we have.

The Chairman: May I ask the hon. member to what item he is addressing his remarks.

Mr. Knight: Item 708a.

The Chairman: That refers to publications of the United Nations.

Mr. Knight: Perhaps the item should be 696 which refers to items for the use of colleges, academies, schools or seminaries of learning in Canada.

The Chairman: The two items are 696 and 708a.

Mr. Knight: I shall trust to the discretion of the chairman to direct me as to which item is the appropriate one.

The Chairman: Perhaps I should inform the hon. member that the reason I rose was that I heard him speak about the censorship exercised by the Department of National Revenue. We are dealing now with various items, and if he is dealing with 696 or 708a he may do so but only inasmuch as they have to do with the increase or reduction of tariffs, or whatever treatment they are being given under this resolution.

Mr. Knight: I shall avoid censorship, Mr. Chairman. I merely want to say that many of these 25 cent penny dreadfuls can be found among the books which are on the censorship list of Canada. However, I shall say no more about that. With respect to the publication of decent literature we are very far behind Great Britain, for example, in the publishing of cheap editions of good books. Rather than restricting, I think the government should encourage the widest circulation of books and literature of all sorts. The sales tax and the customs duty do raise the prices of books which in my estimation are altogether too high in Canada, and that is one of the reasons why people are forced to read the sort of thing about which I have been talking.

Another point is that Canadian publishing houses, in selling books which they bring in from the United States and upon which they pay duty and brokerage, charge Canadian customers 10 per cent more than the price for which the Canadian customer can purchase the same book from the original publisher in the United States and then pay the customs duty and sales tax himself. These United States exporters find it convenient to set up branches in Canada, and we are in fact subsidizing the establishment of these institutions at the expense of the public and the Canadia university student in particular.

To come back to the tariff, I am aware that on the free list of publications there are, as well as those mentioned in 708a, certain educational books for university libraries or books prescribed for the regular curricula of schools and universities. However, I want to point out that unlike the items in 708a, reference books which are brought in by bona fide professors in universities and teachers in schools for reference purposes are subject to the tariff which is not charged on the publications in this item. I think that is a state of affairs that could very well be altered. If a professor or teacher is worthy of the name he does not confine himself to the textbooks prescribed by the curriculum. He wants reference books, and as long as he is a bona fide university professor or teacher I see no reason why these books should not be admitted free. I shall go further and say that it would be better for the educational standards of the country—and goodness knows education at the moment is in a deplorable state—if educational books of all types were admitted free of not only customs duty but sales tax, for sale not only to people in educational institutions but to the public at large. In my opinion the government should collect no revenue which involves any limitation upon the wide circulation of educational books. Indeed, I think I would go further and say on any books.

Mr. Adamson: Mr. Chairman—

Mr. Sinclair: I should like to speak on this item. Are you going to speak on books?

Mr. Adamson: Yes. I shall be very brief. I had had representations from libraries and others along the general line indicated by the hon. member who has just spoken. Certain public libraries and our parliamentary library, I believe, have to pay not only duty but sales tax on books brought into Canada. I think it is a rather anomalous situation that at least should be considered.

Mr. Sinclair: I have heard so much about this matter in recent years that I think tonight I had better put on the record exactly what the situation is as far as books are concerned. To listen to the hon. member for Saskatoon, one would think there was a heavy tariff on books. Actually there is no tariff at all on any book coming into Canada from within the British commonwealth. I think our first responsibility is to see that there is the freest exchange of books and literature between the various members of the commonwealth. I think it might also be desirable to put on the record the various tariff items as far as books, pamphlets and periodicals are concerned, which those who are really interested in this matter could have easily consulted the customs tariff and ascertained. Tariff item 169 reads as follows:

Books, viz.:—Novels or works of fiction, or literature of a similar character, unbound or paper bound or in sheets, but not to include Christmas annuals, or publications commonly known as juvenile and toy books.

Under the British preferential tariff they are free, most-favoured-nation tariff 10 per cent, and general tariff 25 per cent. Then we have four separate treaties with various other countries to permit the free exchange of books between our country and those countries. Tariff item 170 reads as follows:

Books, periodicals and pamphlets, or parts thereof, printed, bound, unbound, or in sheets (not to include blank account books, copy books, or books to be written or drawn upon (in any other than the English language).

Under the British preferential tariff they are free, most-favoured-nation tariff free, and general tariff free. We also have a reference to the United States trade agreement there. The next tariff item which members could have read is 171. It reads as follows:

Books, printed, periodicals and pamphlets, or parts thereof, not otherwise provided for, not to include blank account books, copy books, or books to be written or drawn upon.

In other words, blank books do not come in under that item but other books not otherwise provided for do. Under the British preferential tariff they are free, most-favoured-nation tariff 10 per cent, the general tariff 10 per cent. Then we have four other trade agreements with special reference to free exchange between these countries and our country. The next item is 171a which reads as follows:

Printed sections of dictionaries and encyclopedias, unbound, consisting of not less than eight uncut pages, when imported by book binders to be bound in cloth or leather in their own factories.

Under the British preference they are free, most-favoured-nation free, and general tariff free. Then we have tariff item 172 which reads as follows:

Books, pamphlets and charts, printed or published by any government abroad; official financial and business reports and statements issued by companies or associations abroad; books, pamphlets and reports, for the promotion of religion, medicine and surgery, the fine arts, law, science, technical training, and the study of languages, not including dictionaries.

We covered those in the previous item. The item continues:

Scripture and prayer cards, and religious pictures and mottos, not to include frames; books, bound or unbound, which have been actually printed and manufactured more than twelve years; manuscripts; insurance maps; freight rates, passenger rates and timetables issued by transportation companies abroad and relating to transportation outside of Canada in book or in pamphlet form.

Under the British preferential tariff they are free, most-favoured-nation tariff free and general tariff free. Tariff item 172a refers to tourist literature from any country and in each case entry is free of duty.

Item 172b:

Prayer books, missals, psalters, religious pictures and mottoes, not to include frames; free, free, free.

Then item 173:

Books which are included in the curriculum of any university, college or school in Canada for use as text books or as works of reference, not to include dictionaries; printed books, pamphlets and cards for use in schools to test the degree of intelligence of pupils; all books for bona fide libraries, and being the property of the organized authorities of such libraries and not in any case the property of individuals or business concerns, under such regulations as may be prescribed by the minister; directories for free reference libraries; books received from free lending libraries abroad, subject to return under customs supervision, within sixty days: free, free, free.

The Minister of Public Works tells me to send the hon. member a copy of the rest of the schedule. Actually, of course, the great bulk of the books imported into Canada come in free. The one substantial class of books on which there are tariffs are novels from the United States, on which the tariff is 10 per cent. I emphasize again that these books for use in colleges, schools and universities, or books coming to bona fide libraries from any country, come in free. Books in foreign languages come in

free. All books from the British commonwealth come in free. So the position, far from being that suggested by the remarks of the hon. member for Saskatoon, is that the tariff actually affects very few publications as far as the importation of books into Canada is concerned.

Mr. Knight: I am glad the parliamentary assistant has been able to tell me that we have free entry of books into this country. I did not hear what the tariff is on books coming from the United States.

Mr. Sinclair: It is 10 per cent on novels, nothing on books for schools, universities, libraries.

Mr. Knight: When my hon. friend says that books for universities come in free it is a bit misleading, because bona fide university professors do not obtain all their books free. I suppose a great many Canadians get or would like to get books from the United States, but on those books they have to pay a customs duty as well as a sales tax.

Perhaps the greatest point the parliamentary assistant made was that there is no need to raise this question, that books are practically free as far as tariff is concerned. He told us about books from the commonwealth and all the rest of it; he read a long list of things that come in free. The point is that I can base my argument on that very fact. I would say the revenue the Canadian government is getting from the restrictions it is imposing on the importation of books to this country is not worth it. Perhaps the parliamentary assistant could tell me just how much the duty on books is worth to the national revenue of this country. As I interpret his words it would be very little indeed; and if it is very little indeed I would say it has only nuisance value, so why not do away with it altogether? That is exactly the plea I am making, and I think that is one reason why this particular tax should be done away with.

I would like to ask the parliamentary assistant two questions. What is the total revenue accruing to the funds of Canada through the imposition of duties on books? I would have liked to include in that a question as to the amount that would be lost through abolition of the sales tax, but at the moment I suppose I can only ask about the customs duties. My second question is, what are the four countries with which he said we had a special treaty in this regard?

[Mr. Sinclair.]

Mr. Sinclair: My duties as parliamentary assistant here, I think, are to put through the items appearing in the schedules now before this house. I do not think it is part of my task to read, as I had to read, the existing tariff schedules to an hon. member who wants to make a long speech on books. I would have thought he would read the schedules before making that speech. The same is true in regard to revenue.

Mr. Knight: On a point of privilege, Mr. Chairman, I have not asked the parliamentary assistant to read anything. I asked him a question. I asked him the revenue accruing to Canada through the importation of books, and I asked him the names of the four countries with which Canada has a special treaty in this regard. The parliamentary assistant seems to be particularly cantankerous tonight. On my last question he tried to cut me down. He is most unreasonable, as I see it. I want the information. What are we here for if we cannot get information?

Mr. Sinclair: One of the simple reasons we are here is to get information from the many documents the government and the library provide hon. members. There is no item in this schedule dealing with books. The only item having to do with publications at all refers to publications of the United Nations and its agencies and publications of the North Atlantic Treaty Organization and its agencies. There is no loss there because we have not been charging tariffs on these items. As far as the revenue on books is concerned, if the hon. member cannot dig it out of the publications supplied to him, all he has to do is put a question on the order paper, as he has done so often, and he will get the full story of the tariff on books and the countries with whom we have these agreements, together with the revenue last year or ten years ago or twenty years ago.

Mr. Macdonnell (Greenwood): I think it is a pity we should have to be scolded. As a matter of fact I listened with great interest to what the parliamentary assistant had to say. I loved the sonorous way he rolled out the word "free", and I think we all received a little education. I think he should be glad of an opportunity to give us that education, and not scold us.

Mr. Sinclair: Nothing was further from my mind than to scold the hon. member for Greenwood, because I will say he does a little research before he comes into the House of Commons on matters he intends to speak on.

Mr. Macdonnell (Greenwood): I was as ignorant as anyone else on this subject. Everything the parliamentary assistant said was interesting to me. I was glad to hear it, and I think we might all be glad that we received this bit of education, thanks to the hon. member for Saskatoon. I am glad personally.

Mr. Sinclair: If my job here is to give interesting information on all items which are not in the schedule now before this house, I could be here a long, long time. I do not think the hon. member for Greenwood would be so grateful for all the irrelevant information I might produce. I think my job here is to discuss the implications of these reductions in tariff which are proposed in this schedule.

Mrs. Fairclough: I think the whole answer is that the parliamentary assistant has not explained the difficulty in which the hon. member for Saskatoon finds himself. It is the old story of the difference between theory and practice. If a university wishes to import these books true enough they come in duty free. If a professor imports them in his own name he pays the tariff, unless he has the foresight to go to his board and ask that they import them in their name on his behalf. There should not be that differentiation. If a book is free to the university it should be free to the professor in the university.

Mr. Sinclair: In my own fairly long experience with universities most professors wanting books have the library acquire them, and in that case they are free.

Mrs. Fairclough: If the professor pays for the book he should get it free of duty.

Mr. Knowles: In view of the communicative mood in which my hon. friend the parliamentary assistant finds himself I will give him a chance to give other information. I shall relate what I have to say to items such as 206a and 220b. There may other items in the group now before us which are also related to the question I have in mind. The question I wish to put to the parliamentary assistant is this. To what extent are there any tariff changes in the group of items now before us affecting drugs and medicines? I said this afternoon when we were on another item that at pages 1396 to 1398 of *Hansard* for April 9, 1952, would be found answers to questions of mine having to do with sales tax and tariff rates on drugs and medicines. Naturally I am not going to read to the parliamentary assistant now the long list of items on those three pages, but I would call his attention to one item in particular. I take it from page 1397 of *Hansard*, under item 220, which is perhaps one of the most important items in relation to the question of duties on drugs and medicines.

Item 220 reads:

> All medicinal and pharmaceutical preparations, compounded of more than one substance, including patent and proprietary preparations, tinctures, pills, powders, troches, lozenges, filled capsules, tablets, syrups, cordials, bitters, anodynes, tonics, plasters, liniments, salves, ointments, pastes, drops, waters, essences and oils, n.o.p.;

When dry, the British preferential tariff is 17½ per cent; the most-favoured-nation tariff 20 per cent and the general tariff 25 per cent.

There is more to that item 220, but that is all I need to read at this time. I notice that item 220d is referred to in the schedule now before us, but there is no reference to item 220 itself. I should like to know whether consideration has been given to reducing this omnibus tariff on medicinal and pharmaceutical preparations. I do not know whether the parliamentary assistant has taken the trouble to look up the three pages of *Hansard* to which I referred. He will see that there is a long list there of items which the Minister of National Revenue, in his answer to my question, regarded as referring to drugs and medicines. I have tried to compare that list of items with the items in this group, although I confess that I have not taken every one and checked it. I hope the parliamentary assistant will not accuse me of not doing enough research on the matter, but I did not find many cases, if any, where the tariff has been reduced on so-called drugs and medicines.

Mr. Sinclair: The one covering item in this schedule is 206a(3). You can see the class, so far as the item—

Mr. Knowles: That is the only item in which there has been a change? Is that all the parliamentary assistant has to say?

Mr. Sinclair: I think that if the hon. member reads over the list he will find that most of those are of a class or kind made in Canada. There is always a difference in the schedule of rates for products which are not made in Canada and products which are made in Canada. A year or two ago we had a discussion on the same problem in connection with antibiotics, whether or not it was worth while to encourage, by some tariff protection, the construction of plants to make

penicillin, aureomycin and these other antibiotics. In looking over item 220 I would say that almost all of those articles are of a class or kind made in Canada.

Mr. Knowles: Is it possible to ascertain tonight, or shall I put it on the order paper, what the revenue is from an item like 220?

Mr. Sinclair: I certainly cannot tell the hon. member that tonight because item 220 is not here. There is a new item 220d for coating fluorescent lamps.

Mr. Knowles: I notice that the official in front of the parliamentary assistant is looking at a book. Can he find it?

Mr. Sinclair: He is an official on tariffs, not of the Department of National Revenue which is the one that records statistics so far as revenue is concerned.

Mr. Knowles: I just want to say, as was pointed out this afternoon, that the cost of drugs and medicines to the Canadian people does seem to be increased far more than I think it should be by the imposition of the sales tax we were talking about this afternoon, and now by far too many duties on this long list of medicinal items. I certainly hope that the government will give further consideration to both of these pleas that we have made today, for the elimination of the sales tax on medicines and for reducing or eliminating tariff thereon.

Has the parliamentary assistant been able to get any information as to the revenue obtained by the federal government on drugs and medicines, in any form that the parliamentary assistant can give it?

Mr. Sinclair: I have here a report on trade in Canada for 1950 in which the classification is not by tariff items, but on these medicinal, chemical and pharmaceutical preparations—this does not include Canadian production which is the greater part of this field—total imports were almost $6 million, $5,892,000, and the tax paid was $1,154,000, which is a little less than 20 per cent.

Mr. Knowles: And the cost of the products produced in Canada would equal the cost of those brought in from the United States, plus the tariff.

Mr. Sinclair: Is that a statement or a question?

Mr. Knowles: It is a statement with which I am sure the parliamentary assistant agrees.

Mr. Adamson: I should like to ask the minister a question on item 199h, on page 16, concerning pots, boxes, bands, collars or protectors for plants. I have had very strong representations made to me by several of the greenhouse men and market gardeners in my constituency concerning this item. They request the elimination of the tariff, as it is not an item that is made in Canada at all and it is an essential item for the production of plants, flowers and other crops.

Now, I gather that the general tariff rate is 10 per cent, and there has been a substantial reduction which I am sure my constituents will be glad to see. I gather that the greater part of the importations—all of it is imported—comes under the item of the general tariff—

Mr. Sinclair: No, all of it comes in under either most-favoured-nation or British preferential tariff rates.

Mr. Adamson: I am glad to hear that. Then, it is virtually a removal of the tariff on this item.

Mr. Nickle: I should like to ask the parliamentary assistant a question referring especially to item 848(1) and (2) on page 33. I judge that 848(2) is a new item covering materials for use in the manufacture of the goods enumerated in tariff item 848(1). Is that correct?

Mr. Sinclair: It is new, yes, because out in your province there is the beginning of an industry in the manufacture of this oil well drilling equipment. We are now, therefore, extending the exemption which is given to most industries in Canada, that the primary products they use in manufacture shall be exempt or have low rates of duty.

Mr. Nickle: I am glad to have that included. It will have a very material effect on stimulating the production of oilfield equipment in Canada. One point in item 848(1) is not clear. We have there a list of machinery and apparatus, which is free, including casing and tubing and drill pipe for use in connection with natural gas or oil wells. Does this free list cover steel or iron pipe used for gathering oil or gas for transportation or distribution?

Mr. Sinclair: No, it does not. That part is an old item. Actually, the change in the schedule is 848(2), materials for the use in the manufacture of goods enumerated in tariff item 848(1). The manufacturing process gets this special provision but not the transportation end, the movement away from the well in the pipe lines.

Mr. Nickle: Can the parliamentary assistant advise me what the tariff is at present on iron or steel pipe for transmission?

Mr. Sinclair: Item 397, pipes and tubes, of wrought iron or steel, plain or coated, welded or seamless, with plain or processed ends: 15 per cent, the British preferential tariff; 22½ per cent, the most-favoured-nation tariff; and 30 per cent, the general tariff.

Mr. Nickle: In view of the fact that pipe used for transmission and the gathering of oil and gas is a material item in the cost of construction of pipe lines and in view of the fact that transmission is a material item in the cost of the oil or gas to the consumer, will the tariff board or the government consider placing line pipe or pipe for the transmission of oil or gas in the same category as pipe actually used in the boring of a well?

Mr. Sinclair: Consideration was given to that question three or four years ago and I believe there was actually an item placed in the tariff schedule resolution but it was withdrawn in the following bill because of the opposition of quite a number of western members to any increase in the tariff on pipe. However, consideration is given to all of these representations. There is, of course, quite a substantial pipe industry in Canada itself, using Canadian steel out of Hamilton, Algoma and Sydney.

The Chairman: Shall resolution 2 carry?

Mr. Nickle: Just one more question, Mr. Chairman. The parliamentary assistant mentioned the fact that we have mills in Canada rolling iron pipe. I believe the maximum diameter of pipe that can be rolled in Canada is 16 inch, which is smaller than the diameter of pipe used for any large oil or gas pipe line such as those that are now contemplated east and west in Alberta. Inasmuch as pipe larger in diameter than 16 inches cannot be rolled in Canada, should not that larger pipe come into Canada from United States mills free of duty?

Mr. Sinclair: The government's policy at the moment is that it should not. Consideration can be given. The tariff on pipe at the moment is a measure of protection to those mills in eastern Canada. No doubt as the oil and gas industry develops, and there is going to be this greater demand for such pipe, the Canadian mills will, as they have in the past, extend to meet that demand. But at the moment there has been no change made in the tariff on such sized pipe.

The Chairman: Shall this resolution carry?

Resolution agreed to.

Resolutions 2 and 3 agreed to.

4. Resolved, that schedule B to the customs tariff be amended by striking thereout tariff items 1014 and 1067, the enumerations of goods and the rates of drawback of customs duties set opposite each of said items.

Mr. Knowles: If resolution 3 has been carried, may I ask a question with respect to 4? Can the parliamentary assistant tell us what is meant by items 1014 and 1067?

Mr. Sinclair: Those are the two drawback items on glass which, as a consequence of the tariff board's report on glass, are now dropped.

Resolution agreed to.

Resolution 5 agreed to.

DOMINION SUCCESSION DUTY ACT

Resolved that it is expedient to introduce a measure to amend the Dominion Succession Duty Act to correct certain anomalies, to clarify the application of certain provisions and to make certain technical amendments.

Mr. Sinclair: Perhaps I should say just a word. This resolution does not give much in the way of detail because there is no general change in the rates or in the incidence of the taxes. As hon. members know, an overhaul of the succession duty law is needed. We had hoped to be able to bring forward a full revision for the consideration of hon. members at this time but it has not been possible to do this. There are, however, a few amendments of a technical nature which require immediate attention. These amendments are not matters of policy but are merely clarifying certain provisions of the law and removing certain anomalies. It is difficult to discuss them without the bill. They are almost entirely legal points such as those which the hon. member for Hamilton West raised in her speech in the budget debate. The minister will be putting through this bill. The resolution is just in effect a warning to members to the effect that there are going to be technical amendments made to the succession duty act, because of the experience in recent years, without changing the basic rates of duty or the levels.

Mrs. Fairclough: Mr. Chairman, I was not prepared to speak upon this subject at the moment because I thought we were taking the income tax resolution first. However, in the amendments to the Dominion Succession Duty Act I hope that cognizance will be taken of the incidence of double taxation of which I spoke and of which I gave an example in my remarks on the budget. I believe this is a situation which is well known in the taxation

field and one which has long required some revision. If this is one of the points which it is intended to rectify, with the introduction of this resolution, I would be heartily in favour of it. In going into the matter I trust that not only this particular problem will be rectified but also the many others which are familiar to all of us in the field of succession duty and income tax incidence.

Mr. Sinclair: Perhaps I should explain to the hon. member that she was quite right in saying that the list given last night indicated that the income tax resolution would come first. But since this is only a warning if we do get it through tonight it means that perhaps the bills based on the three resolutions can be circulated tomorrow and then we can start afresh on the fourth resolution, namely the income tax resolution. When the succession duties bill is in your hands you will be better able to see whether the points you have in mind are covered. The minister also told me to say that the usual period will intervene between the introduction of the income tax bill and the succession duty bill and discussion in the house. These are very technical bills requiring detailed study, unlike the excise tax and the customs tariff bills which are quite straightforward. There will be an interval of probably a week between the circulation tomorrow of the income tax and succession duty bills and the discussion in the house by the minister on second reading.

Mr. Adamson: I hope that the anomaly with regard to the succession duties between the common law provinces and the province of Quebec will be considered when this bill is being brought down. I refer to the situation which at present exists whereby in the common law provinces, when a taxpayer dies, his estate for succession duty purposes is considered in toto and duties are levied on the entire estate whereas under the civil laws of the province of Quebec, when a taxpayer dies it is considered that half of his estate belongs to his wife and succession duties are levied on merely the half of the estate considered as belonging to him.

It appears to me that that is an anomaly which should be eradicated. I think that the situation under the Quebec law is a good one because it certainly provides for the widow a degree of security which is not found under the laws of the common law provinces. I feel that that is one of the points which might form the basis of discussion in a dominion-provincial conference so that succession duties shall be levied on an equal basis throughout the entire dominion. I understand that unless there is a marriage contract in the province of Quebec the taxation as I have explained it is in force; but if there is a marriage contract, then of course the terms of that contract are valid. I feel, Mr. Chairman, that since we are discussing this very serious matter of succession duties, the double succession duties that are levied, particularly in the province of Ontario, consideration should be given so that succession duties shall be considered on the same basis throughout the entire dominion.

Mr. Macdonnell (Greenwood): Has the parliamentary assistant available the basic figures showing what the succession duty has yielded in the way of revenue during the course of the years it has been running? Perhaps I could wait until we have the bill.

Mr. Sinclair: The amount is shown in the budget papers. My recollection is that it was $32 million last year—that is federal succession duty, of course. Pardon me, the forecast of revenue in the coming year is $43 million. The rates of course are not changed. Last year it was $38 million; this year $43 million; and the forecast for next year is also $43 million.

Mr. Nowlan: The parliamentary assistant said that this resolution was a warning. I think it should be a warning against having resolutions such as this. It reads:

That it is expedient to introduce a measure to amend the Dominion Succession Duty Act—

If it stopped there it would have been much clearer and much better. It then goes on to say:

—to correct certain anomalies,—

Which I presume is the amendment. Then it continues:

—to clarify the application of certain provisions and to make certain technical amendments.

I think it is a warning against having any resolution such as this, Mr. Chairman. We would be much better off if we did not have any resolution such as this.

Mr. Sinclair: That very point was discussed as to whether a resolution was needed at all. I used the word "warning" perhaps in a colloquial sense; but it was an indication to the house that a tax measure or a money measure was coming. Since this involves changes in the law without a change in the rate or in the incidence of the tax doubt was expressed as to whether a resolution was needed at all. If we had no resolution we might have been subjected to the criticism

that we were bringing in a change in a tax bill without a resolution. If we had left it as an amendment to the Dominion Succession Duty Act, then there would be a question in hon. members' minds that perhaps we were going to change the rate. They would have said: if they are not going to change the rate, why do they not say so; this was the decision made, and the resolution is an indication to the house that the succession duty act is to be amended, but not amended in a way to levy new tax changes, changing the rates or changing the incidence.

Mr. Low: It would have been better simply to have said: "Resolved that it is expedient to introduce a measure to amend the Dominion Succession Duty Act but not to change the rates." As it is, it is the height of vague ambiguity.

Resolution agreed to.

Progress reported.

Business of the House

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we will continue in ways and means with the last budget resolution concerning income tax. If we have time we shall take up the resolution in the name of the Minister of National Defence. It was discussed yesterday and the debate was adjourned by the hon. member for Nanaimo; then the resolution in the name of the Secretary of State for External Affairs concerning a treaty of peace between Canada and Japan; next, the resolution in the name of the Minister of Mines and Technical Surveys concerning the Emergency Gold Mining Assistance Act; then if we have more time we shall take up a little bill of the Minister of Justice to amend the Prisons and Reformatories Act, and then Bill No. 93 to amend the Export and Import Permits Act.

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

HOUSE OF COMMONS

Friday, May 9, 1952

The house met at three o'clock.

EXTERNAL AFFAIRS

Third report of standing committee on external affairs.—Mr. Bradette.

SUPREME COURT ACT

AMENDMENT WITH RESPECT TO DATES OF SESSIONS

Hon. Stuart S. Garson (Minister of Justice) moved the first reading of Bill No. 196 (from the Senate), to amend the Supreme Court Act.

Motion agreed to and bill read the first time.

INTERPRETATION ACT

AMENDMENT WITH RESPECT TO REPORTS TO PARLIAMENT

Hon. Stuart S. Garson (Minister of Justice) moved the first reading of Bill No. 197 (from the Senate), to amend the Interpretation Act.

Motion agreed to and bill read the first time.

GASOLINE AND OIL

STRIKES OF REFINERY WORKERS IN UNITED STATES—SUPPLY SITUATION IN CANADA

On the orders of the day:

Mr. E. T. Applewhaite (Skeena): I desire to direct a question to the Minister of Defence Production. In view of the present situation in the United States, will the Minister of Defence Production make a statement on the gasoline and oil situation in Canada?

Right Hon. C. D. Howe (Minister of Defence Production): The whole question of Canadian requirements of gasoline and oil is under constant review in the Department of Defence Production. It is not anticipated at the moment that the supply of petroleum products in Canada will be seriously affected by the current strikes of oil refinery workers in the United States, except the supply of aviation gasoline which is already a matter of serious concern.

This situation has resulted in a serious reduction in the production of aviation gasoline in the United States. The petroleum administration for defence, Washington, has issued its order No. 6 which temporarily restricts the use and forces a reduction in the consumption of aviation gasoline within the United States. The order also prohibits export except under certification by PAD.

Because of the policy of close co-operation between Canada and the United States, and as United States companies and associates supply in excess of ninety per cent of all aviation gasoline consumed in Canada, it is deemed necessary that restrictions similar to those in force in the United States be placed upon the consumption of aviation gasoline in Canada in order that reduction in Canadian consumption may be in line with that in the United States. By order in council P.C. 2754 of today's date all grades of aviation gasoline have been declared an essential material under the provisions of the Defence Production Act.

Canadian oil companies have been requested to limit their deliveries of aviation grade gasoline during the 28-day period commencing May 6, 1952, to sixty-five per cent of the amount delivered during the month of April, 1952. Arrangements have been made whereby the petroleum division of the Department of Defence Production will be prepared to take under consideration cases of unreasonable hardships, such as problems that might arise in remote areas.

The departments of national defence and transport have already curtailed their flying operations. The Department of Transport, the air transport board, and the Air Industries and Transport Association of Canada are requesting aircraft operators to eliminate all non-essential flying.

Mr. Diefenbaker: Would the minister say whether this will affect T.C.A. schedules in any way?

Mr. Howe: Yes. T.C.A. schedules have already been curtailed; I understand that sixteen scheduled services have been eliminated already. T.C.A. is in the same position as the other aviation services, that only sixty-five per cent of the gasoline consumed during the month of April will be allocated during the month of May.

Mr. Adamson: Can the minister say what aviation gasoline is made in Canada, and whether any steps could be taken to increase that production without incurring a very large expenditure.

Inquiries of the Ministry

Mr. Howe: High octane gasoline is made at Calgary in limited quantities, but about ninety per cent of our 100-octane gasoline is imported from the United States. To supply Canada a very large expenditure would have to be made; and since the trend is toward jet flying—and of course jets use low grade fuel—it is not felt that the very large investment involved is warranted at this time.

Mr. Green: Can the minister say how long it will be possible to maintain even these reduced schedules?

Mr. Howe: I should think we would be able to carry them on indefinitely.

ANIMAL CONTAGIOUS DISEASES

FOOT-AND-MOUTH DISEASE—INQUIRY AS TO FURTHER MEETINGS OF AGRICULTURE COMMITTEE

On the orders of the day:

Mr. A. Earl Catherwood (Haldimand): Would the Minister of Agriculture state whether there is any truth in the report that the committee on agriculture, investigating foot-and-mouth disease, is not going to resume its sittings?

Right Hon. J. G. Gardiner (Minister of Agriculture): We did spend a number of days in the committee considering the foot-and-mouth epidemic. That consideration required that quite a number of officials remain tied up at the committee meetings. At the moment the department is engaged in most trying activities, which require greater staffs than we have required at any time since the war. It was thought that we were really spending too much time in the committee at this time, and that the good resulting was not sufficient to warrant our being tied up for the next few days, in any case, until we get on with what is considered to be a very important job. While it is not altogether in my hands, I think probably there will be another sitting. I hope, if there is, it will not be necessary to have more than one.

VETERANS LAND ACT

REQUEST FOR PERMISSION TO SELL SMALL HOLDINGS

On the orders of the day:

Mr. G. K. Fraser (Peterborough West): I should like to address to the Minister of Veterans Affairs a question I asked the previous minister some time ago. Has his department given consideration to allowing those under the Veterans Land Act with two-acre holdings on the outskirts of cities to sell all their property except the normal city lots on which their houses stand, so that to some extent they may be relieved of high city taxes?

[Mr. Adamson.]

Hon. Hugues Lapointe (Minister of Veterans Affairs): The question was considered previously, and it has not been judged appropriate at this stage to acquiesce to this request.

ALBERTA TAR SANDS

INQUIRY AS TO PROGRESS OF RESEARCH

On the orders of the day:

Mr. Carl O. Nickle (Calgary West): In view of the growing interest in Alberta's bituminous sands—

Some hon. Members: Order.

Mr. Nickle: —could the minister advise this house of progress—

Some hon. Members: Order paper.

Mr. Nickle: —in research related to these oil sands by scientists working under his direction?

Some hon. Members: Order.

Mr. Speaker: I could not hear the question. I do not know whether it should be placed on the order paper or answered now by the minister.

Hon. George Prudham (Minister of Mines and Technical Surveys): I wish to thank the hon. gentleman for having given me notice of his question. I have a rather lengthy and technical statement which I think partly answers it. If it is your wish, Mr. Speaker, I can put it on the record.

Some hon. Members: No.

Mr. Speaker: There were so many interruptions I could not hear the question. I will leave it entirely to the minister to decide whether the question should be answered now or later.

Mr. Prudham: I think perhaps it would be better as a return, so if the hon. member will put the question on the order paper I shall be glad to table the reply.

WAYS AND MEANS

The house in committee of ways and means, Mr. Beaudoin in the chair.

INCOME TAX ACT

Resolved, that it is expedient to introduce a measure to amend the Income Tax Act and to provide, amongst other things:

1. That for the 1953 and subsequent taxation years there be substituted for the graduated rates of tax and the defence surtax that are at present applicable to the income of individuals, the following graduated rates of tax:

(a) 17 per cent of the amount taxable if the amount taxable does not exceed $1,000,

(b) $170 plus 19 per cent of the amount by which the amount taxable exceeds $1,000 if the amount taxable exceeds $1,000 and does not exceed $2,000,

(c) $360 plus 22 per cent of the amount by which the amount taxable exceeds $2,000 if the amount taxable exceeds $2,000 and does not exceed $4,000,

(d) $800 plus 25 per cent of the amount by which the amount taxable exceeds $4,000 if the amount taxable exceeds $4,000 and does not exceed $6,000,

(e) $1,300 plus 30 per cent of the amount by which the amount taxable exceeds $6,000 if the amount taxable exceeds $6,000 and does not exceed $8,000,

(f) $1,900 plus 35 per cent of the amount by which the amount taxable exceeds $8,000 if the amount taxable exceeds $8,000 and does not exceed $10,000,

(g) $2,600 plus 40 per cent of the amount by which the amount taxable exceeds $10,000 if the amount taxable exceeds $10,000 and does not exceed $12,000,

(h) $3,400 plus 45 per cent of the amount by which the amount taxable exceeds $12,000 if the amount taxable exceeds $12,000 and does not exceed $15,000,

(i) $4,750 plus 50 per cent of the amount by which the amount taxable exceeds $15,000 if the amount taxable exceeds $15,000 and does not exceed $25,000,

(j) $9,750 plus 55 per cent of the amount by which the amount taxable exceeds $25,000 if the amount taxable exceeds $25,000 and does not exceed $35,000,

(k) $15,250 plus 60 per cent of the amount by which the amount taxable exceeds $35,000 if the amount taxable exceeds $35,000 and does not exceed $50,000,

(l) $24,250 plus 65 per cent of the amount by which the amount taxable exceeds $50,000 if the amount taxable exceeds $50,000 and does not exceed $75,000,

(m) $40,500 plus 70 per cent of the amount by which the amount taxable exceeds $75,000 if the amount taxable exceeds $75,000 and does not exceed $100,000,

(n) $58,000 plus 75 per cent of the amount by which the amount taxable exceeds $100,000 if the amount taxable exceeds $100,000 and does not exceed $150,000,

(o) $95,500 plus 80 per cent of the amount by which the amount taxable exceeds $150,000 if the amount taxable exceeds $150,000 and does not exceed $250,000,

(p) $175,500 plus 86 per cent of the amount by which the amount taxable exceeds $250,000 if the amount taxable exceeds $250,000.

2. That for the 1952 taxation year the graduated rates of tax applicable to income of individuals be the average of the present rates (including defence surtax) and the rates set out in paragraph 1.

3. That with respect to income of corporations earned on and after January 1, 1952, the present rate of tax shall be increased from 15 per cent to 20 per cent on the first $10,000 of taxable income and from 38 per cent to 50 per cent on taxable income in excess of $10,000, and that the defence surtax be repealed.

4. That there may be deducted from the amount of income tax otherwise payable by a corporation for a taxation year in respect of income earned on and after January 1, 1952,

(a) the amount of income tax payable to the government of a province for that taxation year in respect of income earned on and after January 1, 1952, as a result of its operations in that province, or

(b) 5 per cent of the taxable income of the corporation of that taxation year under the Income Tax Act that is earned on and after January 1, 1952, as a result of its operations in that province, whichever is less.

5. That for the 1952 and subsequent taxation years the maximum amount in respect of medical expenses that may be deducted in computing taxable income be increased

(a) to $2,000 in the case of a person who may at present deduct a maximum of $1,000,

(b) to $1,500 in the case of a person who may at present deduct a maximum of $750, and

(c) to $500 for each dependent in respect of whom a maximum of $250 may at present be deducted, subject to a maximum deduction of $2,000 by a husband and wife between them or by a person in respect of all his dependents; and that there be included in the medical expenses that may be deducted in computing taxable income those medical expenses that at present are not included by reason only that they were not incurred in the appropriate twelve-month period in which they were paid.

6. That crown corporations that are classed as proprietary corporations in the Financial Administration Act shall pay tax on income earned on and after January 1, 1952.

7. That the special deduction from income to a taxpayer whose principal business is the production, refining or marketing of petroleum or petroleum products or the exploring or drilling for oil or natural gas or mining or exploring for minerals, be allowed for expenses incurred in the 1955 operations on the same basis as for expenses incurred in the years 1951 to 1954.

8. That the special deduction from income and taxes of a taxpayer whose principal business is production, refining or marketing of petroleum or drilling for petroleum be allowed for expenses incurred in respect of deep-test oil wells in 1953 operations on the same basis as for similar expenses in operations of the years 1950 to 1952.

9. That the exemption of the income from a metalliferous or industrial mineral mine for the first three years of production now applicable to mines coming into production during the years 1946 to 1954 be extended to mines coming into production during the year 1955.

10. That a corporation resident in Canada whose gross revenue for a taxation year ending on or after January 1, 1952 derived from the distribution to or generation for distribution to the public of electrical energy, gas or steam is more than one-half its total gross revenue for the same period shall be entitled to a deduction from the tax otherwise payable by it under the Income Tax Act to the extent necessary to reduce to 43 per cent the rate of tax payable by the corporation under that act on that part of its taxable income for that taxation year that is derived on and after January 1, 1952 from such distribution or generation.

Mr. James Sinclair (Parliamentary Assistant to the Minister of Finance): I was going to suggest, Mr. Chairman, that we follow the practice we followed yesterday and have a short general discussion on the principle of the entire resolution on the first item, then on the subsequent items stick to the actual subject matter of the items under consideration.

I think perhaps I should lead off this discussion on the first item by answering some of the points raised during the first stage of this debate when the Speaker was in the chair by certain members who dealt with tax matters in the budget debate. In his remarks the other evening the minister pointed out that many excellent speeches were made during that debate but that very few of them actually related to tax matters.

So I will confine myself to those points raised in speeches which related to tax matters coming under this resolution.

The one speech which I should mention which was entirely on tax matters, and principally on the tax matters in this resolution, was the speech by the hon. member for Hamilton West, so perhaps I could start by answering the various points which she raised. If there are further technical points which may arise during the discussion on the resolution and which may need some working out, then the minister will prepare suitable replies for delivery when the bill is before the house.

On page 1555 of *Hansard* for April 24, the hon. member objected to the fact that in calculating the defence surtax for 1951, taxpayers were required to take 10 per cent of the amount which was the tax before deducting the credit for dividends from Canadian taxpaying corporations. The defence surtax was also calculated before the calculation of the credit for any foreign taxes. By this arrangement the tax is increased or decreased by any surcharge or payment before applying any tax credit, and this arrangement is not new. It has been the existing practice.

I shall give an example of when we reduced the tax by a percentage, the very opposite of what was done in 1951. When the tax was reduced by 4 per cent in 1945 and 16 per cent in 1946, those percentage reductions were applied before applying the tax credits for foreign taxes. Those, of course, were the only tax credits we had at that time. The hon. member will appreciate that the effect of that was to give a maximum reduction, since it was on the larger amount. The arrangement of the 1951 form carried out the intent of the 10 per cent tax credit for dividends, which was that the total tax of the taxpayer be reduced by an amount equal to 10 per cent of the net dividend income from Canadian tax paying corporations. Actually, the observation applied only to tax returns for 1951, since we have now removed the surcharge, and it is not a problem which will recur.

On page 1556 of *Hansard* the hon. member referred to the recommendation of the Canadian Bar Association and the Canadian Institute of Chartered Accountants that the taxpayer be permitted to add dividend income of his spouse in excess of $250 to his own income and so receive the benefit of the same 10 per cent tax credit for Canadian dividends. The exemption of the taxpayer is reduced when his spouse has an income over $250 because the extent to which the taxpayer has to support his spouse is reduced if the spouse has extra income. The extent to which the taxpayer has to support his spouse is reduced regardless of whether the spouse's income is from dividends, interest or wages. This suggested amendment would give special alleviation only to the couple where the spouse's income was from dividends.

On page 1556 of *Hansard* the hon. member referred to a case where the taxpayer supported a dependent sister in 1951. The taxpayer incurred heavy medical expenses in respect of this dependent sister in 1951, but was able to pay only a small part of them. Finally the dependent sister died in 1951. I think that is the situation. The member stated that the taxpayer is not allowed to claim an allowance against his 1952 tax for the medical expenses incurred and paid in the twelve-months period ending in 1952 because the sister, having died in 1951, is no longer a dependent of the taxpayer. This does not appear to be in accordance with the law. Section 26(1)(b)(iii) reads in part, "or any dependent in respect of whom he may make a deduction from income under section 25 for the year in which the expense was incurred." I am informed by the officers of the Department of National Revenue that they would like to have the details of this case from the hon. member.

Mrs. Fairclough: May I ask a question? Do I understand the parliamentary assistant to imply that the subsequent amounts as paid will be allowed?

Mr. Sinclair: If they are for the twelve-months period ending in 1952, even though the sister is now deceased and is not classed as a dependent so far as the dependent exemption for this year is concerned.

Mrs. Fairclough: That is new.

Mr. Sinclair: That is the interpretation which the officials have placed on section 26(1)(b)(iii). Once again, it is an administrative point. Perhaps if the hon. member would see the officials—

Mrs. Fairclough: I am wondering if that is because of the amendment which was made by the minister this year in withdrawing the word "incurred". Prior to the budget speech this year, the expenses were theoretically supposed to be incurred and paid in the same year, although that practice was not pressed in the district offices.

Mr. Sinclair: Perhaps the hon. member could follow that up with the appropriate officials.

The next point was this matter about which I am quite sure we will hear a lot this afternoon, the 4 per cent medical deduction. On page 1557 of *Hansard* she said that the taxpayer who has medical expenses in excess

of 4 per cent of his income loses an exemption each year equal to 4 per cent of his income. Over ten years she said the total of this amount which could not be deducted could be $1,500, and this might be the factor in deciding whether or not one of his children attended university.

This is a common slip which almost everyone who is dealing with tax returns makes. It is certainly a slip I have made myself, in regarding the amount of income exempt from tax as being an actual tax saving. If in this case the 4 per cent of a man's income is $150, that means he has an income of $3,750. Presumably he has one child, since we are looking forward to a university education ten years from now. His exemption, therefore, should be $2,150 and his taxable income would be $1,600. He has to pay 17 per cent on the first $1,000 and 19 per cent on the next $600. The loss of a $150 exemption means an additional tax of $28.50. Over ten years this would amount to $285—quite a significant sum it is true, but $28.50 per year is not likely to mean the difference between university or no university.

Mrs. Fairclough: When I made that remark I do not think I called it tax; I think I called it tax basis.

Mr. Sinclair: Yes, that is quite true. Then the member criticized the estimate I used in the case for eliminating the 4 per cent on medical expenses.

Mrs. Fairclough: I did, yes, but not as a major objection—only as one of the minor objections.

Mr. Sinclair: Subsequent to that I got a letter from a citizen in Hull also expressing grave doubts about my arithmetic, so I settled down and worked out sample cases which were then checked by the department. This citizen was thoughtful enough to send copies of the letter, not only to my minister but also to the member for Eglinton and to the member for Winnipeg North Centre. I was equally thoughtful, therefore, and sent them copies of my reply.

Mr. Knowles: I shall be equally thoughtful and give you a reply today.

Mr. Sinclair: I am glad that so much thought has been given to the matter.

The next case is a very difficult one which I think lawyers describe by saying that hard cases make bad law. The hon. member referred to the case of an immigrant who came into the country in November, and mentioned the impact of the family allowances. There are two situations. The first situation occurs when a Canadian child is born in November. In December the child is eligible for family allowance of $5. Because of that the parent gets the exemption of $150 for the child in receipt of family allowance—that is the lower exemption—but they have only had $5 in family allowances. However, at the end of the family allowances for eleven months at $8, making $88. Because the family allowance is not payable in the last month. The taxpayer is now eligible for the larger income tax deduction of $400, so that averages out.

This case mentioned by the hon. member, however, does not average out because the immigrant family comes in here at the end of the year, and a year later the children become qualified for family allowance. They draw family allowance for just one month, but because of that the parent, the father, on his income tax return can claim only $150 instead of $400. It is a problem which is known. There is no easy answer for it. It has been suggested that perhaps we could pro rate both the family allowance and the income tax exemption across the months. That would be a fairly difficult problem as far as administration is concerned. Since this case is so rare,—and it is rare for one reason, namely that it is a fairly fortunate immigrant who at the end of one year is in a position to be paying substantial income tax—it has been decided not to change it, or not to make it, as the hon. member suggested, optional whether they take the family allowance or not.

That leads me automatically into the other comment which was made in connection with this particular item on the impact of taxes and family allowances. I refer to the now famous speech by the hon. member for Moose Jaw. I know he has been dealt with rather severely by some of his colleagues, so I will not say anything uncharitable about him; but I will deal with the proposal he makes purely from the point of view of the impact of taxation under item 1.

To be entirely fair to the hon. member I want to read his exact words as reported at page 1573 of *Hansard*:

> The taxpayers are going to spend $332 million this year on family allowances. I say at once that most of this money will be well spent, but I cannot help wondering how badly my good friend, the hon. member for Comox-Alberni (Mr. Gibson), needs three family allowance cheques to make ends meet. There must be many other people in Canada in the same category.
>
> Mr. Garson: Would the hon. gentleman permit a question? Would he apply a means test to the baby bonus too?
>
> Mr. Knowles: Over my dead body.
>
> Mr. Thatcher: I thank the minister for his question and I should like to answer it. I wonder whether it is sensible to pay old age pensions or family allowances to those with an income say of $5,000 a year or more. I take that figure out of the air, as perhaps it should be $6,000.

I should like hon. members to keep especially in mind that figure.

I am referring to those people who have no need of them. If the minister adopted this suggestion my closest estimate is that he would save the taxpayers about $30 million.

The hon. member was not here when the first family allowance bill was passed, so perhaps he has forgotten the implication of it. When the bill was first passed it was designed to help the lower income families, families with less than $3,000. A man who paid no income tax got the full amount, and then the benefit tapered off so that at $3,000 a man with a family really got no benefit. The extra taxes he paid and the family allowance evened out.

One year's experience with that, however, showed that it had the same grave weaknesses that our former old age pension scheme had. There were two weaknesses. The first, so far as the public was concerned, was that this family allowance then had, in the minds of many people, the stigma of charity, the stigma of almost poverty; it was only people who were poor who were going to get it. In this country we have a great many proud people—that is, proud in the good sense of wanting their own independence—and they are not going to take handouts from anybody. During that first year a great many people who actually needed these allowances and who qualified for them would not take them because of that consideration. At the end of the first year a change was made in the Income Tax Act.

I may say that the second point—and an important point as far as the cost of government is concerned; and I know that is of great concern to the hon. member—is this. If the parent had the choice of having the family allowance and the $150 exemption or of not taking it and getting the $400 exemption, every single income tax form would then have to be checked over with the Department of National Health and Welfare to see whether the child had got the allowance. That would involve an enormous amount of paper work or red tape for both departments. Consequently a better plan was worked out the next year by the income tax department and the Department of National Health and Welfare, whereby the same result was achieved through the use of taxation but not with an open, obvious means test—with the humiliations which go with a means test and the stigma of charity which led certain proud and independent families to say: no, we will not get it—and at the same time preserving this important point that this money was not going to families such as those referred to by the hon. member.

[Mr. Sinclair.]

Let me show you quickly and easily just how this plan works out. The hon. member for Moose Jaw suggested as an example this innocent bystander, the hon. member for Comox-Alberni. I think it is most unfortunate to use as an example somebody who had not participated in the debate. As a matter of fact, I have the same view as has the income tax department, namely, that the individual's personal income is a matter for himself. However, we are extremely fortunate this week in seeing, in a national magazine, an estimate of the income of the hon. member for Moose Jaw; and since he raised the question—

Mr. Gibson: Work it out on his basis.

Mr. Sinclair: That is exactly the basis on which I want to work it out. If hon. members will just follow item 1, they will find that the income attributed to the hon. member by this magazine, which prides itself on the accuracy of its research, comes under item (k) of resolution 1, whereby the marginal rate is 60 per cent. If we had not this new family allowance scheme, the hon. member could claim a $400 exemption for his one child, but because this family allowance is now made applicable to everybody he is allowed only $150 and receives family allowance. We have therefore removed $250 and put it back in the taxable income on this 60 per cent rate, which means he pays $150 more tax, quite aside from his other taxes, for the privilege of receiving $84 a year in family allowances. Therefore, far from having no means test and giving these family allowances to the rich, we actually are making the rich pay toward this great social measure even more than they did under the first year's plan where there was this arbitrary, open means test.

I could describe it as having a built-in means test where there is no public humiliation, where all may recognize that whether they take it or not, they are going to be assessed as having taken it; where the people who need the benefit get the most benefit; and where those in the upper classes—in the brackets to which the hon. member referred in his speech—not only get no benefit but have to make a fairly substantial contribution toward this fund.

Hon. members might ask me now where the breaking point is. It is an interesting breaking point. The hon. member, in his innocence—I was going to say in his ignorance, but "innocence" is perhaps a nicer word, and being charitable I will use it—suggested $6,000. The average family allowance across Canada is $6; that is $72 a year. Where, on this $250 difference between the income tax exemption given for a family

allowance child and a non-family allowance child, does the tax equal that amount? At the 30 per cent level 30 per cent of $250 is $75. Again, if hon. members will just follow item 1—and I am keeping deliberately to this item—you will find that the 30 per cent level starts with taxable income of $6,000. Hence we actually achieved four or five years ago the very purpose which the hon. member set out to establish in his speech, and I think it is a purpose which everybody interested in this legislation thinks is the best way out. We have no obvious means test. It is a solution which gives the maximum benefit to the people who are most deserving of it.

Curiously enough, exactly the same built-in provision now occurs in our new old age pension plan. You might expect that. The able Minister of National Health and Welfare had this experience with family allowances; we heard for many years the objection everybody made to the open means test that is contained in the former old age pension, and with that experience in mind we were able immediately to apply a similar provision through taxation—the taxation outlined in this schedule—to the old age pension.

Once again I want to be fair to the hon. member and not put words in his mouth. I will read the exact words he used in referring to the need for a means test in connection with the old age pension. This is again to be found at page 1573 of *Hansard*.

He said:

> We have had this scheme now for four months and I cannot help doubting the wisdom of paying old age pensions to Canadians who are wealthy and have no need of them.
>
> Mr. Sinclair: You want a means test, in other words.
>
> Mr. Thatcher: Just let me continue.
>
> Mr. Sinclair: You want a means test.
>
> Mr. Thatcher: I must say that I find it a little ludicrous that the taxpayers of Canada, overburdened as they are, should be paying an old age pension—I take this gentleman only as an example—to the Prime Minister (Mr. St. Laurent). I cannot believe that a man in his financial circumstances needs it. I understand too that we are paying the pension to quite a few senators. I suppose even my old employer, multimillionaire J. S. McLean, now qualifies for the $40 monthly cheque, although I do not know whether he is collecting it or not.

Let me take his own example once again, and we will just see what the net return is to his friend Mr. McLean under the new old age pension scheme. The fact that Mr. McLean is referred to by my friend as a multimillionaire probably puts him in the class around $100,000 a year income. Again if hon. members refer to these schedules here they will see in schedule I that that is at the rate of 75 per cent. It is near the top bracket. Therefore, out of the $40 a month that Mr. McLean may or may not receive—I do not know whether he takes it or not—we take $30 back, leaving him a net of $10 a month. Therefore on the year he is $120 better off because of the introduction of this means-test-free old age pension.

But this is not paid out of the general treasury. We have established definite methods of contributions, of payments from everybody, including those on pension, for this plan. The first is the 2 per cent tax with the ceiling of $60. This gentleman is obviously at the ceiling. During the course of the year he pays first of all $60 as that contribution. Second is the 2 per cent sales tax. I tried to get some estimate from the dominion bureau of statistics as to what the spending habits of a man in that income bracket would be, but I was unable to get it. I do not know myself. I would presume that a man in the bracket of a multi-millionaire would spend $10,000 a year on goods other than food, fuel and building materials; in other words, goods on which sales tax is payable. So he is paying at least $200 a year more because of the fact that he is now receiving means-test-free old age pension.

Third is the two per cent levied against corporations. The incidence of this is very difficult to assess. Economists and tax authorities can dispute at long length where the actual incidence is, where that burden is carried; whether it is carried by the shareholders of the company; whether it is carried by the ultimate consumer or whether it is carried by labour who get less of the share of the profits because of the extra tax burden. It is sure to be somewhere in between. This gentleman is obviously a substantial shareholder in many corporations, and a consumer. I will say that his contribution in that way would be at least as large as his contribution to sales tax. But suppose it is even less than his direct contribution of income tax as a consequence of the tax changes to bring in this old age pension. He is paying at least $300 more in taxes to net this $120, once again showing that this measure was very carefully designed to have precisely the effect that the hon. gentleman is advocating, so that the old age pension will be of maximum benefit to those who have most need for it, and will be not only of no benefit but a major charge on those who have no need for it.

I know that the hon. member made these suggestions in good faith. He also mentioned the Prime Minister.

Mr. Macdonnell (Greenwood): May I ask a question? I failed to follow the parliamentary assistant toward the end. I thought in his

consideration of this income that he had got to the point where he said that the recipient would have something like $120 left.

Mr. Sinclair: Yes.

Mr. Macdonnell (Greenwood): Then he proceeded, if I understood him correctly, to say that would be cut down by reason of various taxes which the recipient would pay on that.

Mr. Sinclair: No, that is the benefit he receives.

Mr. Macdonnell (Greenwood): May I just finish? If it is not cut down by taxes that he pays on it, I am not able to follow the argument.

Mr. Sinclair: I am sorry if I have not made myself clear. I am comparing the position of this gentleman before we brought in this old age pension plan; that is, before we put on this extra two per cent sales tax and the extra two per cent income tax and the extra two per cent corporation tax. In those happy days, so far as he was concerned, he did not have these extra taxes to pay that he has to pay now. When he pays those extras he does get a benefit of $120 a year, but let us see the extra he pays for that. That $120 is the net. He actually gets $40 a month, $480 a year. Then, being at the top level, he pays a 75 per cent tax on that, which leaves him a net of $120, so he is $120 better off as far as receipts are concerned. Let us see what he did for this benefit. In my rudimentary calculation he paid at least $300 more than the tax he paid before this scheme came into effect, that is before he got this $120.

Mr. Coldwell: On the 2-2-2 formula.

Mr. Sinclair: Yes.

Mr. Thatcher: Will the parliamentary assistant permit me a question? Would he not be paying that whether he got the pension or not? That is the law.

Mr. Sinclair: That strengthens my argument, because if he does not care to take the $120, then he pays $300 extra and gets nothing back. I would not have used him as an example except that the hon. member wanted to use him as an example to strengthen his case. From the point of view of tax levels, he could not have picked a better case.

Mr. Macdonnell (Greenwood): May I ask a question again? Am I not right in saying to the parliamentary assistant that by reason of putting this universal old age pension in we put on the 2-2-2 tax formula, and this man by reason of that pays this amount —I think you said $300; but surely that has nothing to do with it. He would be paying this at the present time anyway. He would be paying it whether he got the old age pension or not. Surely it is not a fair argument to say that because we have created a tax as part of the institution of old age pension by reason of which these rich men will pay more than they receive therefore it costs nothing to pay them the pension. They would pay those taxes whether they got the pension or not. Surely in order to make your argument you have to figure what he pays on the exact amount of his allowance and not bring in other taxes which he pays.

Mr. Sinclair: I think almost everybody in the committee except the hon. member followed my argument.

Mr. Thatcher: No.

Mr. Sinclair: I will try once again. Before we brought in this means-test-free old age pension this gentleman did not qualify for the old age pension because he did not come under the means test, nor did he pay any contribution over and above his existing income tax and sales tax. We decide that there is to be a means-test-free old age pension. He now qualifies for that. We also decide that it is to be paid for over and above the existing tax rate which he pays. There is to be two per cent more on personal income tax only for old age pension; there is to be two per cent more on sales tax on goods he buys for consumption, and there is a two per cent corporation tax, the incidence of which would have to be traced down with some care in differing companies. All these things are new. Then there is a new tax. On the one hand there is new benefit. The benefit he gets is $480 a year. Because of this gentleman's tax position he pays a 75 per cent rate on that, which leaves him out of this new benefit only $120. Now, let us see what he paid for that $120. I will not go through the argument again. Of these new taxes he has paid—

Mr. Macdonnell (Greenwood): And he would pay those taxes whether he got the $120 or not.

Mr. Sinclair: Just as in the case of family allowances. That is the real reason why the stigma of charity that used to attach—

Mr. Knowles: If it were not for that benefit, the tax would not have been imposed.

Mr. Sinclair: The hon. member has mentioned the real point, and that is the real significance of this scheme. The point about family allowances is that you cannot claim $400 allowance for your child who qualifies

for family allowances whether you claim family allowance or not—just $150. Then there is no stigma of charity, and most people say: Well I am paying anyway; I might as well take it. I think there is something that should be admired in this house. All of us who have elderly people in our ridings know of the difficulties they have had in recent years. I do not suppose there is any hon. member in the house who has more elderly people in his riding than I have on the southern coast of British Columbia where so many people from central Canada come to retire. Among that group there were people who could have qualified under the previous old age pension legislation, but would not because of the stigma of charity that was there. It was referred to as a handout from the public. Even with the new old age pension, there was still the hangover of that feeling. No better example could have been given to this country, to show that this new pension plan is the right of every Canadian because every Canadian is paying for it, than the example given of the Prime Minister.

Mr. Macdonnell (Greenwood): I wish to make clear that I am not objecting to it. I am only trying to understand the illustration; and I still think you have not made your point.

Mr. Sinclair: I am sure that if I were to take a vote it would show that almost every other member has understood it.

Mr. Macdonnell (Greenwood): I understand the argument made; but it does not cover the point.

Mr. McIvor: I would like to ask the parliamentary assistant this question: Does that mean that every man who qualifies for an old age pension takes it whether he wants it or not?

Mr. Sinclair: That is a matter which the Minister of National Health and Welfare will have to answer. As with family allowances, it is a matter of application. But whether he takes it or not, he will have to pay the tax—two per cent on income tax, two per cent on sales tax, and the extra two per cent corporation tax.

Mr. Coldwell: I follow the argument, and I agree fully with the point of view expressed. But I wish to ask this: Would not the argument of the parliamentary assistant be strengthened if the government had not put the limit of $60 on the personal contribution?

Mr. Sinclair: It is a matter of degree. I think the hon. member's argument illustrates best the fact that, quite aside from assessing this very heavy income tax on people of that range—the 75 per cent range at the top; despite all that, and the fact that he has already made a heavy contribution to the exchequer, he is paying at least $300 for a benefit of $120. I think if we had applied the two per cent right across the whole thing he would be then paying about $2,300 for this $120 of benefit. And even for the very rich—I know the hon. member for Moose Jaw pointed out the way to soak the rich—even for them, I think there should be some measure of justice.

I think all hon. members have wanted to have this story on the record. I believe they will agree that tax matters are difficult; but any member who wishes to have information or help on any tax matter in preparing a tax speech is more than welcome. He may consult the deputy minister of finance, or the assistant deputy ministers. He may lay the matter before the deputy minister of taxation or the deputy minister of customs and excise. Or, he might even consult the parliamentary assistant—as the hon. member for Moose Jaw was accused of doing in the press, but which was not so. Had he done so, he would have been guided away from that error.

Mr. McIvor: Then the hon. member for Moose Jaw was wiser than a lot of us thought he was.

Mr. Sinclair: Other points have been raised. I have now gone through the major points which were discussed by the hon. member for Hamilton West. I have taken them first, and I have not done so because she is a lady—indeed, I know she wishes to be regarded as the equal of other members in the house—but because her speech was the only one devoted entirely to taxation matters in the budget debate.

At page 1484 of *Hansard* the hon. member for Rosetown-Biggar (Mr. Coldwell) maintains that the tax to be paid in 1952—and he quite properly separated that from the old age security tax—will be higher than that paid for 1951. He gave two examples which he asked the Minister of Finance to check.

The examples, of course, were right, and they check with the tables. Nowhere in the budget speech did the minister claim that the tax for 1952 would be less than the tax for 1951. He did say, however, that the tax in 1952, disregarding the old age security tax, would be lower as a result of the proposed changes than it would be if no amendment were made to the present law. If changing the rate structure results in lower taxes than would be the case if no action is taken, surely the change must be called a tax reduction.

In this connection I wish to put three quotations on the record from the minister's speech. The first of these is found at page 1253 of *Hansard*, toward the bottom of the page, where

he first opened up on the personal income tax field. This is what he said:

> In the personal income tax field a new rate schedule will be introduced. Into this new schedule I propose to incorporate most of the weight of the present 20 per cent surcharge. There will be some over-all abatement although in saying this I should remind the house that the two per cent income tax imposed by parliament last session under the Old Age Security Act will be coming into force on July 1 of this year.

Then, at page 1254, he said:

> I expect the revenue loss as a result of these changes to be about six per cent in a full year and this loss in revenue is a general indication of the average gain to the individual taxpayer.

And the loss of revenue is obviously money the taxpayer did not pay in.

> In other words, the average taxpayer will pay six per cent less than he would otherwise have done under the income tax law as it now stands.

Finally at page 1255 he returns to the subject, with these words:

> I think I should make clear that the reductions in income tax which I have announced will not be sufficient, for most taxpayers, to offset the effect of the old age security tax.

The hon. member for Peace River (Mr. Low) made an interesting statement, which is set out at page 1491 of *Hansard*, as follows:

> What the taxpayers of this country want to know and what they are entitled to know is exactly, in dollars, what they have to pay in income tax in 1952, and by how many dollars that sum is greater or less than what they actually paid in 1951.

This information I now have in a series of tables now before me. I have already given one example, in connection with that discussed by the hon. member for Rosetown-Biggar, namely the married taxpayer with an income of $3,000. But, since the hon. member for Peace River has asked for more detailed information, I have had prepared what I believe is a fairly complete set of tables setting out exactly what he asked for. I agree with him that it is not percentages about which his constituents are worrying, it is the dollars in their pockets. With that in mind I have had prepared information with respect to 1951, 1952 and 1953 personal income taxes, first of all for the single taxpayer, then for the married taxpayer with no children, for the married taxpayer with two dependents and not eligible for family allowances, and, finally, for the married taxpayer with two children who is eligible for family allowances. If the house wishes to have this information I shall be pleased to place it on record.

Some hon. Members: Agreed.

Mr. Sinclair: The tables are as follows:

1951, 1952, 1953 PERSONAL INCOME TAXES

Single Taxpayer

Income	1951 Tax	1952 Tax(1) Payable Before Budget Reduction	1952			1953		
			Income Tax	Old Age Security Tax	Total	Income Tax	Old Age Security Tax	Total
$	$	$	$	$	$	$	$	$
1,000								
1,200	33	38	35	2	37	34	4	38
1,500	83	95	88	5	93	85	10	95
2,000	165	190	175	10	185	170	20	190
2,500	259	297	274	15	289	265	30	295
3,000	352	404	372	20	392	360	40	400
3,500	457	523	484	25	509	470	50	520
4,000	561	642	596	30	626	580	60	640
5,000	770	870	820	30	850	800	60	860
7,500	1,397	1,554	1,487	30	1,517	1,450	60	1,510
10,000	2,156	2,382	2,301	30	2,331	2,250	60	2,310
20,000	6,556	7,182	6,951	30	6,981	6,750	60	6,810
30,000	11,726	12,822	12,371	30	12,401	11,950	60	12,010
50,000	23,995	27,207	25,195	30	25,225	24,354	60	24,414
75,000	40,990	44,747	42,965	30	42,995	41,554	60	41,614
100,000	59,085	64,487	61,960	30	61,990	60,004	60	60,064
200,000	139,055	151,727	145,880	30	145,910	141,404	60	141,464
400,000	311,425	339,767	327,570	30	327,600	318,344	60	318,404

(1) Includes old age security tax.

NOTE.—In calculating the above taxes it has been assumed that all incomes up to $30,000 are entirely earned incomes, and that incomes of more than $30,000 include earned income of that amount and additional investment income to make up the total. No account has been taken of the 10 per cent tax credit.

1951, 1952 AND 1953 PERSONAL INCOME TAXES

Married Taxpayer—No Children

Income	1951 Tax	1952 Tax(1) Payable Before Budget Reduction	1952			1953		
			Income Tax	Old Age Security Tax	Total	Income Tax	Old Age Security Tax	Total
$	$	$	$	$	$	$	$	$
2,000								
2,250	42	48	44	3	47	43	5	48
2,500	83	95	88	5	93	85	10	95
2,750	124	143	132	8	140	128	15	143
3,000	165	190	175	10	185	170	20	190
3,500	259	297	274	15	289	265	30	295
4,000	352	404	372	20	392	360	40	400
5,000	561	642	596	30	626	580	60	640
7,500	1,133	1,266	1,206	.....	1,236	1,175	.....	1,235
10,000	1,826	2,022	1,946	.....	1,976	1,900	.....	1,960
20,000	6,061	6,642	6,431	.....	6,461	6,250	.....	6,310
30,000	11,176	12,222	11,796	.....	11,826	11,400	.....	11,460
50,000	23,390	25,547	24*565	.....	24,595	23,754	.....	23,814
75,000	40,330	44,027	42,280	.....	42,310	40,904	.....	40,964
100,000	58,370	63,707	61,220	.....	61,250	59,304	.....	59,364
200,000	138,285	150,887	145,060	.....	145,090	140,604	.....	140,664
400,000	310,600	338,867	326,690	.....	326,720	317,484	.....	317,544

(1) Includes old age security tax.

NOTE.—In calculating the above taxes it has been assumed that all incomes up to $30,000 are entirely earned incomes, and that incomes of more than $30,000 include earned income of that amount and additional investment income to make up the total. No account has been taken of the 10 per cent tax credit.

1951, 1952 and 1953 PERSONAL INCOME TAXES

Married Taxpayer with Two Dependents *not* Eligible for Family Allowances

Income	1951 Tax	1952 Tax(1) Payable Before Budget Reduction	1952			1953		
			Income Tax	Old Age Security Tax	Total	Income Tax	Old Age Security Tax	Total
$	$	$	$	$	$	$	$	$
2,800								
3,000	33	38	35	2	37	34	4	38
3,500	116	133	123	7	130	119	14	133
4,000	202	233	214	12	226	208	24	232
5,000	394	452	417	22	439	404	44	448
7,500	939	1,055	1,000	30	1,030	975	60	1,035
10,000	1,597	1,772	1,701	30	1,731	1,660	60	1,720
20,000	5,665	6,210	6,015	30	6,045	5,850	60	5,910
30,000	10,736	11,742	11,336	30	11,366	10,960	60	11,020
50,000	22,889	25,000	24,045	30	24,075	23,258	60	23,318
75,000	39,785	43,432	41,716	30	41,746	40,368	60	40,428
100,000	57,781	63,064	60,612	30	60,642	58,728	60	58,798
200,000	137,652	150,196	144,388	30	144,418	139,948	60	140,008
400,000	309,923	338,128	325,970	30	326,000	316,780	60	316,840

(1) Includes old age security tax.

NOTE.—In calculating the above taxes it has been assumed that all incomes up to $30,000 are entirely earned incomes, and that incomes of more than $30,000 include earned income of that amount and additional investment income to make up the total. No account has been taken of the 10 per cent tax credit.

1951, 1952 and 1953 PERSONAL INCOME TAXES

Married Taxpayer with Two Children Eligible for Family Allowances

Income	1951 Tax	1952 Tax[1] Payable Before Budget Reduction	1952			1953		
			Income Tax	Old Age Security Tax	Total	Income Tax	Old Age Security Tax	Total
$	$	$	$	$	$	$	$	$
2,300	.....	.....	.....	.....	.....	.....	.....	.....
2,400	17	19	18	1	19	17	2	19
2,500	33	38	35	2	37	34	4	38
2,750	74	86	79	5	84	77	9	86
3,000	116	133	123	7	130	119	14	133
3,500	202	233	215	12	227	208	24	232
4,000	296	340	313	17	330	303	34	337
5,000	498	571	529	27	556	514	54	568
7,500	1,060	1,187	1,129	30	1,159	1,100	60	1,160
10,000	1,740	1,928	1,854	.....	1,884	1,810	.....	1,870
20,000	5,913	6,480	6,275	.....	6,305	6,100	.....	6,160
30,000	11,011	12,042	11,624	.....	11,654	11,235	.....	11,295
50,000	23,209	25,349	24,376	.....	24,406	23,574	.....	23,634
75,000	40,132	43,811	42,075	.....	42,105	40,709	.....	40,769
100,000	58,156	63,473	60,998	.....	61,028	59,094	.....	59,154
200,000	138,054	150,635	144,814	.....	144,844	140,364	.....	140,424
400,000	310,353	338,597	326,426	.....	326,456	317,226	.....	317,286

[1] Includes old age security tax.

NOTE.—In calculating the above taxes it has been assumed that all incomes up to $30,000 are entirely earned incomes, and that incomes of more than $30,000 include earned income of that amount and additional investment income to make up the total. No account has been taken of the 10 per cent tax credit.

The next point made by the hon. member for Peace River was that the total tax load per capita in 1938-39 was $69.12, and that by 1951 this had risen to $360. A comparison of the total per capita tax payments in two separate years is not a very good indication of changes in the total tax burden. A study of the national accounts shows that the total tax take of the federal, provincial and municipal governments from the Canadian people in 1939 was over 21 per cent of the net national income. In 1951 the percentage of net national income taken by the three levels of government was about 29 per cent.

I wish to comment on that figure. This is not a large increase, in view of the enormous costs of the war and the present defence program which must be met by increased taxation. The comparison between 1938-39 and 1951 covers not only six years of the most expensive war in history, but also extensive post-war defence operations. That is the point I wish to make, so far as that 29 per cent is concerned.

Furthermore, the hon. member for Peace River overlooks the extent to which taxes are now only transfer payments going back to Canadians in such forms as family allowances, old age pensions, and interest on the public debt, various grants and subsidies to special groups, and payments to the provinces. This would include coal subsidies, and the like. Transfer payments of this kind to the provinces—subsidies, tax rentals and the like—are not properly speaking expenditures by the federal government, since they do not spend the money.

In the analysis by the Australian economist, Clark, to which reference has been made, he places the danger point on government spending at 25 per cent. That is exclusive of transfer payments. But transfer payments by the federal government last year amounted to about $1,500 million. I think those are probably the main points raised on item 1 of the income tax resolution.

Mr. Laing: First of all I want to compliment the parliamentary assistant on the excellent presentation of these matters that he has made both today and yesterday. I hope that he can continue his good record with respect to the matter that I now want to bring to his attention. It has to do with the question of dependents allowances, and

has particular application to a subject he has just been discussing, the question of the old age pensioner. I hold in my hand a copy of the individual income tax form. This happens to be my own most recent tragic experience. I find at the top of page 2 a statement beside one of these orange asterisks, which the department likes so well, to the effect that one may not claim a dependent whose income was over $500.

I think a very unrealistic situation has arisen as a result of our no-means-test old age pension. I am sure we all realize that in every instance the old age pension is considered as income for taxation purposes. We are paying $480 a year to all our citizens 70 years of age and over with appropriate residence in Canada, but are only allowing $500, or $20 more, as a deduction for the children who in many instances support them. I think that is wrong. I think it is unrealistic in the light of our excellent Old Age Security Act.

There is another smaller but still very important group of people to whom I think my contention applies. I refer to people of junior age, particularly those who are attending university at the present time. The provision there respecting income is a limit of $500. There was a time in the very early twenties when the parliamentary assistant and I went to university together. It was a very rare occasion when a student could make $500 in a summer. At the present time if they are any good at all they do not have a great deal of difficulty making $500, and I think it is a good thing that they do not because universities have found that their costs have risen. In almost every instance they have had to raise their fees to a considerable extent. Today such fees are in the neighbourhood of $350 compared with the $75 that I used to pay. Having regard in the first instance to our old age pensioners and also having regard to the inflated conditions confronting our younger people today, I think we have an economic anachronism there. I have made representations on this matter to the minister already, and if he were to give it study I think he would see the justice and fairness of the claim. I hope that in the future he will correct the situation.

Mr. Sinclair: The hon. member did raise this question with the minister. It is one which normally would not come to the attention of most citizens, and I suppose most members of parliament, until next spring when the sons and daughters who are supporting their parents will suddenly realize that they can no longer claim as dependents those whom they have been claiming up until now because they are now in receipt of the means test free old age pension and their incomes are now over $500. The Minister of National Health and Welfare raised the matter on the ministerial level with the Minister of Finance. The situation is exactly as the hon. member for Vancouver South has outlined it. Everyone 70 years of age and over is now assured of $480, and if such a person has additional income of $200 his total income is now $680 and he is no longer regarded as a dependent.

The minister has taken the matter under consideration and has decided that in view of the situation the allowance for a dependent is going to be increased from $500 to $600 from this year on. The situation of the young university student will of course be covered to an extent, or any other child under 21 who is able to earn money in summer vacation. The situation however is not quite as rough on the borderline of the $500, or $600 as it will be, as some members think. There is in the Income Tax Act section 31 (8) which provides that if a dependent has an income over $500—it will now be over $600—that does not debar the person from being claimed as a dependent if the income is, we will say, $620 or $625. It would be very unfair if an income of $599 was included and an income of $601 was not. Therefore we have a tapering off provision over $600 with which some hon. members will be familiar.

The claiming taxpayer can add the amount of the excess over $600 to the tax he pays and list the person as a dependent. There is a very quick and obvious ceiling on that. In the case of the example I used of $200 additional income that person would be $80 over the ceiling. The point is of course as to where the limit is, above which it is not profitable to add the excess over $600 to the tax. If we take the $600 first of all at the base rate of 17 per cent, which is the rate paid by the great bulk of low income people who pay taxes, 17 per cent of $600 is $102, so up to $702 the tapering off provision applies.

Mr. Macdonnell (Greenwood): I think on the whole it has been convenient to have this reply by the parliamentary assistant to the taxation questions that were asked. Perhaps it makes it a little difficult to go back and discuss more general considerations which I think should be discussed at this point in our study of the resolution, but nevertheless I wish to do so for a brief period of time. I hope I am not one of those people who like to go on repeating things over and over again, but I think our position with respect to taxation at the present time is

something that should be dwelt on, that it is tremendously in the people's minds, and that now that the budget is nearly through we are going to be in great danger of getting into a situation like the weather. Everybody talks about it and nobody does anything.

Yesterday afternoon we talked for a few hours and in the course of the discussion passed resolutions covering about a billion and a half dollars. Today, if my arithmetic is good, when this resolution has been finished we will have passed a resolution covering approximately two and a half billion dollars. We do that in the course of a few hours, but when we have done it that is just the beginning. Then the millions of taxpayers throughout Canada begin to pay the taxes. I think they are terribly disturbed about the present situation. As I said before, I think they are angry about it, and I think we should spend some time considering their state of mind and why their minds are in that state. Of course part of their state of mind is caused by the fact that they were perplexed and troubled about the surplus of last year. I am not going to dwell on that. It is not surprising that when people who were already groaning under their taxes saw hundreds of millions of dollars piled up—

Mr. Sinclair: I rise to a point of order. It was my understanding yesterday that the general discussion was going to be on the whole resolution as such, and that we were not going over the entire field of the main budget debate again. There is no reference in any of these items to the surplus, which of course involves not only ways and means but also supply. In my remarks I was very careful to stick entirely to the taxation matters which have reference to these various items. I would like your ruling, Mr. Chairman, as to whether we are again to cover the entire field of taxation on this specific income tax resolution.

Mr. Macdonnell (Greenwood): If I may comment on that, today we are going to be asked really to take a second step in voting $2,500 million. I submit there are certain general considerations which arise. I propose, for example, to say something about the question of economy, because it seems to me that when we are discussing $2,500 million we are entitled to ask whether there is any possible way this amount could be reduced.

Mr. Sinclair: I rise on that question immediately, and point out that in this very long procedure in connection with tax bills we have first of all the budget debate, on the motion that the Speaker leave the chair,

during which there is complete freedom to any hon. member to speak on any phase of taxation or otherwise. When we come to these resolutions we are supposed to discuss their principle, which is the increase or decrease in specific taxes. Once again I repeat that in ordinary language these resolutions are merely a warning to hon. members that tax bills are coming. The hon. member will have a wide-open opportunity to talk on any matters he wishes to raise as far as the general taxation policy is concerned, on the second reading of these various tax bills. Again I submit that I think it is helpful to have on the first item a general discussion on all the items of the resolution, as we did yesterday, and then proceed to specific discussion of individual items. I think in that way we can make the most progress and be in order.

Mr. Macdonnell (Greenwood): I submit that yesterday no such narrow or technical interpretation was given. We did discuss in a general way matters affecting the customs tariff, excise taxes and so on. Speeches were made indicating the effects of these taxes in various ways. I want now to indicate in general the effect of these taxes, and to raise the whole question of whether this huge amount of taxation is necessary.

The Chairman: I think the hon. member will remember that yesterday I called the hon. member for Winnipeg North Centre to order because he proposed to discuss the sales tax generally. I cannot put my finger on the page in *Hansard* containing what I said then, but if I remember correctly it was to the effect that he could discuss generally the six or seven paragraphs having to do with sales tax, but that he should not go over the whole field. I think I also said that incidentally, in passing, he might make reference to certain suggestions having to do with sales tax which are not contemplated in the resolution, but merely as a passing reference.

In committee of supply or ways and means or of the whole I am bound to have standing order 58, second paragraph, observed. That standing order provides that speeches in committee of the whole house must be strictly relevant to the item or clause under consideration. It is true that in practice on the first item we do have a general discussion; but one must understand that it is a general discussion on the paragraphs of the resolution now before us. If the hon. member makes passing reference to other matters it must be no more than that.

Mr. Macdonnell (Greenwood): Well, Mr. Chairman, I bow to your ruling, not only in

a formal way but because I have respect for it. I would only comment that in spite of what may have been the wording of your ruling yesterday in connection with the hon. member for Winnipeg North Centre, actually I think he was allowed to take, in his usual way, a fairly wide range in what he had to say. I have been perhaps a rather simple soul and a little too frank in indicating what I was going to say. What I should have done was say it without indicating in advance.

Mr. Knowles: Come up and see me sometime.

Mr. Macdonnell (Greenwood): I may learn when I am older. I would like to make reference to one thing which has to do particularly with paragraph 5, but which also has to do with the general question of taxation; that is the way the resolution passed by this house was dealt with. I understand the Minister of Finance was asked some questions regarding it yesterday in North Waterloo, and no doubt if he were here he would be able to answer my questions with more gusto. I want to point out that I think a most unfortunate situation was created when that resolution was passed. There is no doubt in the world but that everyone in the house considered that a resolution had been passed unanimously asking that the 4 per cent exemption be altered. There is no doubt in the world that is what happened. How the government was caught off base as it was, I do not quite know. Later on it was explained, of course, perhaps with certain intellectual validity, that all the resolution actually said was that the government should be asked to give consideration. In his speech I think the parliamentary assistant quoted the Minister of Finance as saying in a general way, "Why, yes, of course; we will consider what anybody says." That is not very flattering to the house. Though that may be the attitude which is developing toward the House of Commons, it is not always stated so frankly.

The Chairman: Order. I must remind the hon. member that this matter was fully discussed and dealt with. The C.C.F. party moved, as an amendment to the motion that the Speaker leave the chair, that this very matter be considered. During that discussion the whole question of the resolution which has been introduced in former sessions and the vote taken this session was discussed fully. That amendment has been disposed of. Now the hon. member is going back to a matter which has been discussed previously, and he should not make repetitions.

Mr. Knowles: On the point you have just raised, Mr. Chairman, I respectfully suggest that more consideration might be given. First of all I point out that the parliamentary assistant made a passing reference to the matter this afternoon and said that he expected a good deal would be said about it during the course of the debate this afternoon. I agree that it should not be dealt with in the general discussion unless it is related to a paragraph dealing with the matter; but there is such a paragraph in this resolution.

May I also point out that many times in a budget debate we have had an amendment or subamendment dealing with some aspect of the budget, and despite the fact that there has been a negative vote on that amendment or subamendment the matter dealt with therein has been discussed in committee on the budget resolutions. The house may have turned down the motion, but the subject matter has not yet been disposed of by the committee of ways and means. If you wish to suggest that the discussion on this matter be confined to paragraph 5, that is a different point; but I respectfully suggest that you should not deny us the right to discuss the question of the floor under medical expenses. May I point out, as a matter of fact, that the changes being proposed in paragraph 5 are related to and inextricably tied in with the other question, so we will not be able to avoid discussing that phase of the matter.

The Chairman: If I may clarify my remarks, I was not referring to the rule which provides that once a matter has been decided by a vote it stands as the judgment of the house and therefore no reference can be made to it. I had in mind the citation which has to do with self-restraint, and that hon. members should avoid discussing over and over again matters which have already been dealt with in former debates. In opening his remarks the hon. member said he would try to avoid repetition, that he was not a member who liked to indulge in repetition. I was, therefore, bringing this to his attention.

Mr. Macdonnell (Greenwood): I am glad, Mr. Chairman, of the view you have taken, because it does seem to me that this question which I have been discussing does arise again of its own motion, so to speak, under the terms of this resolution. Actually, I have very little further to say on it except that I think the voters of this country, however moderate their opinions may be of the members that they send here, will be surprised that the members of this house can vote unanimously to have something done—which is the way they will understand it—and find out that it does not mean anything at all. It does not mean anything more than if the smallest village council in Canada sent in the same

suggestion, because as we were told the minister is ready to consider all views emanating from anyone. Apparently the views of the House of Commons are treated exactly the same.

Mr. Fournier (Hull): The hon. member is repeating what he said on the main debate. He said that twice during his speech.

Mr. Macdonnell (Greenwood): The minister is wrong, because on the main debate I did not—

Mr. Fournier (Hull): I thought he did not want to repeat.

Mr. Macdonnell (Greenwood): I shall correct the minister by saying that on the main debate I did not deal with this subject at all. I believe he will find that out.

I just want to add one or two further comments, about the complexity in which we find ourselves in the first couple of resolutions. I believe that is due partly to the fact that the department—we never refer to the experts, but of course they are there—has had a most complicated task in trying to meet the political cycles which have been whirling around so rapidly. The result of that is that we had a special taxation period for the half of 1951, and now we are going to have a different one for half of 1952. We have to wait until we get to 1953 to really get going.

I believe that any other observations I wish to make can rest until later, so I shall not have to try your patience, Mr. Chairman.

Mr. Sinclair: I should like to answer some of the points made. First, on this matter of consideration, there is no group of issues coming before the Canadian people in which every Canadian has so much interest as in taxes. I say that the Minister of Finance is quite right in saying that he will give consideration to any reasonable proposal put forward by any group in this country, from the House of Commons down to the smallest village council and on down to the smallest wage earner in this country.

Mr. Macdonnell (Greenwood): All I suggested was that the House of Commons might have a special position.

Mr. Sinclair: I myself as a member of parliament want no more special position for representations on taxes than any of my constituents.

The second point concerns this matter of consideration, because the Minister of Finance is bound, and should be bound, to give consideration to all tax proposals. These motions that are moved by private members on material matters, and which start by saying that consideration should be given to something, have a very special implication for the minister. It was for that reason the minister instructed me to say, as I did, that of course we would give consideration to this or any other proposal. When the hon. member, at the conclusion of his remarks, tried to imply by speaking very smoothly, as he generally does, that the house was giving assent to the proposal I jumped up and said, "No, no, we are recommending that the government should consider this proposal."

I want to say that in future, so far as the present Minister of Finance is concerned, if such proposals are going to be moved immediately before the budget, while the minister will give them consideration, they are not to be accepted in that sense. Obviously, if acceptance of a motion for consideration before the presentation of the budget means acceptance of the principle, then the whole principle of budget secrecy is gone. Every member would load down the order paper with every conceivable resolution on every phase of the tax structure.

Mr. Macdonnell (Greenwood): You are really admitting my whole point. Thank you.

Mr. Knowles: Will the parliamentary assistant permit a question on that point? Would he explain why that attitude is being taken with respect to a motion this year referring to the deductibility of medical expenses, when a year ago a motion respecting the deductibility of trade union dues was not accepted but was voted down.

Mr. Sinclair: Obviously that was the right thing to do, and for the very reason I have been advancing, because in the end the thing was done.

Mr. Knowles: In other words, the government does the opposite of what the house votes for. Is that it?

Mr. Sinclair: What I was trying to point out was that, far from the government doing the opposite of what the house has voted for, if hon. members want to load down the order paper before the budget with every conceivable resolution on tax matters, and once the government said they would accept them for consideration it meant they were inevitably in the budget, then we would be in the position of having no budget secrecy. Under the British parliamentary system, budget secrecy is important so that no group shall have undue advantage by knowing of budget changes.

The second point is even more interesting, because if there was one thing I thought the hon. member for Greenwood would have

understood with his long experience in business, it was that the government is anxious to bring about as little disturbance in industry in this country, and to avoid as much unnecessary paper work as possible. In my budget speech I explained at some length the reason why we have this division in the middle of the year. It has nothing to do with the government. In the old days when income tax was paid in a lump sum in the spring, no such problem arose. Today, when we deduct the great bulk of income tax through payroll deductions, week by week or fortnightly or monthly, depending upon the way the employee is paid, we have to supply every employer in the country with a tax schedule to show at what rate he should make deductions from his employees, dependent first of all on their wage and secondly their marital status. These deductions are incorporated in every pay sheet for every industry in this country.

If we were, for example, to have incorporated the full 20 per cent surcharge in last year's taxes, it would have meant that we would have had a 40 per cent surcharge for the last six months of the year because the budget was not approved until June. Then, immediately after January 1 of this year, the surcharge would have been returned to the 20 per cent, because it would have been for the whole year. This would have meant a double change in the tax schedules and payrolls of industry. It is for that reason that every tax change we have had since we adopted this policy of deductions at source—a policy which is not only convenient to government but is a real convenience so far as the individual taxpayer is concerned because he does not have to find a large sum in the springtime—has resulted in this split in the year's taxation.

Last year, for example, the tax tables which were in effect for the first half of the year were the tax tables without the surcharge which was only approved and given the royal assent in June. During the second half of the year the 20 per cent surcharge went into effect, so the same schedule could be used this year if no tax changes were made. Those schedules are in effect now. We hope that the income tax bill will be approved and become law by June, so that on July 1 the new rates which are mentioned here can be incorporated. For the first half of this year, the deductions will have been made at the 20 per cent surcharge level.

Mr. Macdonnell (Greenwood): All I am saying is that by chopping and changing you make it difficult.

Mr. Sinclair: That is a little different from the inference given. Now that I have explained that it is a convenience to both the taxpayer and industry, the hon. member is backing away from it.

Mr. Coldwell: I was going to say that, first of all, the parliamentary assistant has just said that a vote on a private member's resolution should be treated by the government in a manner different from a vote on a government measure. I have always felt that members of the house should be free to vote as they wish on a private member's resolution. This afternoon the parliamentary assistant made a statement that the government in the future will have to see that resolutions of the description of the one which we were discussing will not be approved by the house.

Mr. Sinclair: On tax matters before the budget.

Mr. Coldwell: Yes, on tax matters by the government. I take it that is the decision of the government for future guidance. I think that is unfortunate. I think that, on occasion, we should have in the House of Commons opportunities for members of the house to vote freely. I know that I was criticized for a statement made in the same connection outside the house and repeated in the house. I know that some members felt that I had been rather harsh in what I had said. But the statement made by the parliamentary assistant this afternoon would give colour and credence to what I said.

I think that there are two different sorts of resolution which come before the house. I understand perfectly well that when the government brings down a motion in support of a policy which has been decided upon by the cabinet and has been thoroughly discussed by them, they expect their own members to support it. That is one thing. But when we have before the house a private member's resolution simply asking the government to consider something, I think that every hon. member should have the opportunity and the right to vote as he pleases in that connection, asking the government to consider something.

I quite agree with the hon. gentleman that the wording of such a resolution does not bind anybody. But there are no opportunities for members of the house to express themselves as a house, apart from party allegiances, if we consider a resolution moved by a private member, particularly from the opposition side of the house, to be one that the government members must of necessity vote down. I think that is an unfortunate position into which we are getting in this parliament and, as a matter of

fact, in other parliaments as well. I dislike the congressional system in the United States where the party lines are somewhat more flexible, but in the interests of the expression of the opinion and the will of private members, I think that we in this house should give some thought to our particular problem.

I am glad that the parliamentary assistant dealt with the question of a means test; and I think he did it extremely well. I think he confirms the opinion that most of us in this chamber hold, namely that the means test should have been abolished earlier; and we were happy when it was abolished. As I interjected, I think that the position would have been greatly strengthened if, in the 2-2-2 formula the government had not placed the ceiling of the $60 maximum payment by income taxpayers. It would then have been based more on ability to pay than it was. But on the whole, I think that the explanation he gave today is one that is acceptable to the committee.

I want to add this. I do not care where you attempt to put the means test, you are going to have two difficulties arise. You are going to make the people who come under the means test and get the pension feel that they are accepting something of a semi-charitable nature. That illustrates one of the great advantages of abolishing it. The other thing is this. I think most of us in the committee know that a few people who normally were fairly honest sometimes stretched their consciences a little far in making application for the old age pension. I am indeed glad that no one is now compelled or invited to stretch his conscience. In dealing with taxation matters I think we should encourage our people to be honest in every respect and that we should see to it that nothing in the nature of deception is invited or permitted in connection with our income and other taxes. I believe that the government and the officials of the department have been trying to do this in all particulars.

What I really rose to say is this. The income tax is of course the fairest form of taxation. It is based primarily on ability to pay; and as we have it in this country, it is on a graduated plan. I believe, however, that it is a pity that the government did not consider raising the exemptions somewhat. The cost of living is extremely high in this country and the exemption of $1,000 and $2,000, which seemed satisfactory a few years ago, is no longer satisfactory on account of the high cost of living. I wish the government had considered raising the exemptions say to $1,500 for single persons and $3,000 or even $2,500 for married couples, in that way enabling a good many people to meet the increased cost of living more easily.

May I also add this thought. I do not know what the future holds, nor does any other member of this committee. But the very fact that the government felt constrained to reduce or remove the excise tax to the extent it did and to remove credit restrictions a short time ago, I think indicates clearly that there is some necessity for enabling people to buy more of the goods that are being produced. I do not want to go into this matter at all fully this afternoon because I do not believe this is the place to do it. But I want to remark that, from the study I have given to the recent trends economically, it would seem that our tremendously increased capacity for production, for turning out vastly increased numbers of goods—coupled with the fact that the Korean war perhaps has not meant that we have to produce as much in the way of war supplies as the nations thought they would have to produce and so on—is causing a piling up of goods and inventories, and people are unable to buy the goods. At such a time I think an argument can be made—and a good one—for increasing purchasing power, particularly in the lower groups, in order that they may relieve industry of some of the goods that industry is producing. I want to leave that thought with hon. members and with the government.

The other comment I want to make is this. A slight easement has been made in the corporation tax. I know that in this chamber from time to time a great deal of discussion has occurred regarding the corporation income tax. I know that from time to time the Minister of Finance and others have pointed out that our corporation income tax—particularly when you reckon in what has been done in two of the provinces—is a high tax. Indeed, it is sometimes said that it is one of the highest in the world. When we compare our corporation tax with that of the United States, for example, what I think we are overlooking, is that in the United States they have two other taxes that go with it. They have the excess profits tax, which has also been reintroduced in Great Britain. They also have a capital gains tax. As hon. members know and as you, Mr. Chairman, know, we believe there should be a capital gains tax in Canada.

At noon today, and quite at random, I happened to pick up a book on my desk and to open it at a page where certain facts were given in connection with capital gains in the United States. Here is one example that I saw. It is an outstanding one, I admit,

and not an average one but it stuck in my memory. Two hundred shares at $6 a share of the Pepsi-Cola Company in 1939 were, in 1945, worth $225,000. There is a capital gain of an extraordinary size. It seems to me that that capital gain should be taxed. The same is true of lesser capital gains where the individual does not turn a hand to do something to improve the economy of the country but takes advantage of the times in which we live. I could hardly credit that amount, but it was in a standard work on my desk today. Of course it may have been something in the nature of a misprint. There may have been a cipher in the wrong place or something or that sort. While that may not be a typical example to give, let me say this. Capital gains of enormous amounts have been made in the past few years on the stock market, in the increase in the value of land, the community creating the value of land, as Henry George used to teach us years ago. And certainly when the community creates a value it should get something from that value. We should have a capital gains tax. As for the corporation tax in our country, it is high, yes, but when we consider that other countries have an excess profits tax and a capital gains tax as well, as in the United States, then of course it does not seem as relatively high as it otherwise might do.

On the whole I want to say that in our opinion the direct form of taxation, that is, the income tax on a graduated scale, along the lines we have here—although I might, as I said, suggest a higher exemption; we might suggest too a steeper tax in certain of the brackets—is to be preferred to any other form of taxation that we know, because it is based to some extent on ability to pay.

What I would like in the future, when the government is looking for new sources of revenue and reconsidering the income tax, in view of the necessity of having as much purchasing power in the hands of the lower income groups as possible, is to see the exemption raised. It will be noticed that I said "in the lower brackets", not in the higher brackets. I think they have enough purchasing power now. The corporation income tax should also be rounded out by a capital gains tax and excess profit.

Mr. Sinclair: I thank the hon. member for his very interesting comments. Most of us agree that by and large the income tax based on ability to pay is regarded as the fairest tax in modern thinking. The problem of course is the extent of the exemption and the rate of progression. As far as exemptions are concerned, I anticipated it would be raised. I think the minister of course did give further consideration to this aspect at the time that the rates were being changed; but again this thing must be considered in the light of other exemptions in countries which are like our own. I think there are only four or five countries like ours. They are Canada, United States of America, the United Kingdom, Australia, and New Zealand. I want to read this little table, but I also want to put it on the record, because it shows the fact that our present exemptions are much the most generous of any country in the world, or any country like ours which levies income tax.

The interesting point, as raised by the hon. member, is that of course the very poorest countries in the world are the ones which rely almost entirely on the indirect tax, and avoid direct taxation. These countries in this table are countries that have both income taxes and indirect taxes:

Personal Income Tax
Exemption in various countries

	Canada	U.S.A.	U.K.(a)	Australia(b)	N.Z.(d)
	$	$	$	$	$
Single status	1,000	600	424	244	884
Married status	2,000	1,200	743	489	1,172
Family allowance children	150	....	234	183(c)	144
Other dependents	400	600	186	183	144

(a) Incorporating the effect of a 22·2 per cent credit for earned income.

(b) Starting points for combined income tax and social security contribution.

(c) For first child under 16 the deduction is $183; for each additional child it is $122.

(d) Incorporating the effect of the £15 rebate for 1951-52. No exemption is allowed for the social security tax of 7½ per cent.

Some of these countries have family allowances; some do not. We have exemptions for both types of children. I might point out, however, that in the United Kingdom the family allowance is not paid to the first child. It is at the rate of five shillings a week for subsequent children. The amount of five shillings a week works out to about $3 a month, and that is the rate paid to every child, whereas our family allowance starts at $5 and goes up to $8.

We have very much the highest income tax exemption on the basic single status and the married status.

Mr. Macdonnell (Greenwood): How do our taxes compare?

Mr. Sinclair: As far as our taxes are concerned, I think the minister put them on the record when he made his budget speech. I am sorry, he did not this year. As far as our taxes are concerned, my recollection from the tables I have seen—but we will have a table on income tax when the bill is before us—is that their rates in the lower brackets are higher. The point made by the leader of the C.C.F. party is that he would like perhaps a little more progressive rate in the top brackets. Well, item 1 finishes up with a top rate of 86 per cent on the top incomes. Before this provision it was 100·8 per cent. At 86 per cent it is still a pretty savage rate in the top income bracket. On top of that there is a 4 per cent investment surtax, making it actually 90 per cent.

Mr. Macdonnell (Greenwood): Were there any fatalities among the people who found they had 100·8 per cent tax?

Mr. Sinclair: People with that amount of income are not easily disturbed. They do not have the worries that most of us have. The hon. member referred to the slight easement in the corporation tax. A little earlier in my budget speech I mentioned the fact that as far as the 2 per cent personal income tax and the 2 per cent sales tax paid to the government were concerned they were not properly taxes. They are actually a form of contribution to the old age pension system. However, with the corporation tax there is a little difference in outlook, because—

Mr. Browne (St. John's West): Some who are taxed may not get any old age pension.

Mr. Sinclair: There is a tax on everybody; that is right. But in the end the individual presumes he will be in receipt of the old age pension if he lives that long. No matter how long the corporation lives it will not receive old age pension, so the actual practical effect as far as this is concerned is that we have given this abatement of ·6 per cent in the corporation tax level, but the actual final effect of that in Canada today is that the corporations pay 52 per cent in eight provinces and 54 per cent in the other two provinces.

Mr. Low: They just pass it on to the individuals in prices.

[Mr. Sinclair.]

Mr. Sinclair: It depends. No absolute statement of that kind can be made. It depends entirely on the competitive position of the corporation.

Mr. Gillis: Corporations get subsidies and subventions, though.

Mr. Sinclair: Corporations are not alone in that, as my hon. friend knows. They are not alone in this matter of getting subsidies and subventions from the government. I think a considerable number of individuals across this country get subsidies and subventions in one way or another, and I think I can recall the hon. member not so long ago asking for an increase in the coal subvention.

Mr. Gillis: I will likely continue that.

Mr. Sinclair: I do not think the matter of a capital gains tax need be discussed again. We had a full discussion on it last year. I think most people agree that in an established society in view of the accretion in value which comes because of community effort, the sort of thing which the hon. member for Rosetown-Biggar said was one of the principal tenets of Henry George's single tax, there is a good case for the capital gains tax. But in a pioneering country where so much of our capital is venture capital, —where it is true the amount made may be large but where a man runs the risk of losing not just his income but his capital—there is not the same case for a capital gains tax. I hear someone behind me say, "hear, hear." What I have said refers particularly to venture enterprises such as oil and mining, and enterprises generally in the northern part of this country.

The hon. member mentioned the unique case, the fantastic case, of the increase in value of the shares of a soft drink company. An increase like that is a surprising thing. So surprising is it that there must be some special reason for it. It has been suggested to me that at the time that the stock was almost worthless they were involved in a very difficult patent suit with their main competitor. Had that patent suit been lost even the $1,200 would have been down the drain. That is a very unusual case. At that time they actually ran the risk of losing their entire capital. I think these are the main points.

Mr. Green: The parliamentary assistant has mentioned the deductions allowed for children. My understanding is that in the case of a son or daughter attending university there is an allowance of $400, if that young person is under 21 years of age.

Mr. Sinclair: That is right.

Mr. Green: Apparently there is also some administrative provision under which such university student may go out during summer months and earn up to $500 in any one year, without the father losing the right to claim the deduction of $400. As the parliamentary assistant knows, it now costs at least $1,000 a year for a student to attend a university; and it seems to me there should be some change in the administrative provision whereby the student would be allowed to earn more than $500 during the summer months.

Mr. Sinclair: That change has been made. The hon. member was out of his seat when the hon. member for Vancouver South asked about this matter. The allowable earnings have been increased from $500 to $600, for this year's income tax.

Mr. Green: Is that in the budget, under the act?

Mr. Sinclair: It is done by regulation under the definition of dependency. When the minister has the bill before the house he will explain it at greater length. Because of that factor, and primarily because of the old age pension factor to which reference was made, the allowance has been raised from $500 to $600. There is a provision in the act, called the notch provision, whereby there is a tapering off when income is earned in excess of $600.

Mr. Green: Would it not be fair to place that figure at the actual cost to the student per year? I do not think there can be any question that the cost runs to at least $1,000 a year, or perhaps more than that in some faculties—engineering and medical, for instance.

Mr. Sinclair: That comes down to the point we discussed before, namely that of special exemptions for special groups. It is quite true that every encouragement should be given to students who want to attend university. But then there are other classes of dependents who are equally deserving, and there would be resentment if special consideration were given to university students, and not given to these other classes. It was thought that the extension of the earning power was the fairest procedure—fixing it at $600, and tapering off to $702, I believe it is. This gives leeway for extra earnings in the summer months.

Mr. Knowles: I feel the parliamentary assistant to the Minister of Finance has done a real service today in the analysis he has given of the relationship between the income tax on the one hand and old age pensions and family allowances on the other. All of us who were members of the old age security committee of 1950 will agree that it was the desire of that committee that, whatever financial arrangements were made, with the removal of the means test those in the upper income brackets would not benefit from it, but rather would pay back more than they actually received.

Most of us have known right along that that is the way it works out, and that fact is realized by most people. However there are a few throughout the country who are at times disturbed by the thought that we are using moneys of the taxpayers to make social security payments to rich people who do not need them. As I say, I believe the parliamentary assistant has performed a service today in setting out, as he did, figures to show the precise situation, which is that the wealthy pay back in taxation more than they receive in social security, and that is as it should be.

There can be no doubt that, with the exception of some modifications we might like to make—and I have in mind the $60 ceiling—the general principle of the relationship between income tax on the one hand, and old age pensions and family allowances on the other, is good. Indeed I hope the excellent statement in the matter made today by the parliamentary assistant might be read by those administering the Old Age Assistance Act, and also by members of the veterans affairs committee. We still have a couple of means tests affecting very important legislation, and I suggest that the request made by some of us from time to time for the removal of those means tests, is not wild-eyed at all, particularly in the light of the statement made this afternoon by the parliamentary assistant. It is time these other means tests were likewise abolished.

While I agree fully with what he said in that field, there was one section of his remarks with which I disagreed—and I am sure that fact will come as no surprise to him. I refer to what he had to say concerning the deductibility of medical expenses. Like my leader, I feel it is most unfortunate that the parliamentary assistant said what he did this afternoon. He has served notice, in advance, that any future private members' motions dealing with taxation matters presented in the house prior to the date of the budget will be defeated.

We have been told that there is no cracking of the whip on the government side. Well,

here is a cracking of the whip even before motions of this kind appear on the order paper.

Mr. Sinclair: Only because of the complete misunderstanding which happened in connection with that resolution. That is the only reason for it.

Mr. Knowles: I submit that if there was any misunderstanding as to what happened in respect of this resolution, the fault lies on the government side. I need not discuss the matter in detail, as I did on April 23. No doubt the parliamentary assistant will recall what I said on that occasion, because I spoke shortly after he did on the same day. I pointed out that there have been a number of similar motions in the past asking the government to give consideration to certain propositions.

Mr. Sinclair: Tax measures before the budget?

Mr. Knowles: There was at least—

Mr. Sinclair: Just one.

Mr. Knowles: There was at least one tax measure before the budget; that was my own.

Mr. Sinclair: And it was defeated.

Mr. Knowles: And I pointed out to the parliamentary assistant not only tax measures before the budget, but other matters, some of which were quite innocuous, to the principles of which the government did not desire to be committed. Those resolutions have always been defeated, unless the government could persuade the sponsors of the motions to withdraw. I submit that if the government did not wish to be committed to the substance of my resolution of March 26 it should not have permitted the house to pass it. But it did permit the house to accept it; and in that instance it was the parliamentary assistant to the Minister of Finance who indicated that it was all right to carry the resolution, with the result that it was carried unanimously, and I believe the house and the country had the right to draw the conclusion which was drawn.

When my leader was discussing the matter a few moments ago, the parliamentary assistant made a point of interjecting that consideration could not be given to these motions if they were made prior to the date of the budget. May I point out to him the kind of restriction he is thereby imposing upon the House of Commons. I can tell him that in the fall of 1949, after the second budget of that year, I moved an amendment to a motion to go into supply which dealt with the deductibility of trade union dues. I had considerable difficulty in persuading Mr. Speaker to accept my amendment, in view of the fact that budget matters were then before the house. It is a long story. It got involved with the flour milling report, so that eventually my amendment was allowed and was voted upon. I suggest that, however, to indicate the difficulty that a member has in bringing in a motion at any other time of the year than in the early part of a session. May I point out that the time for private members' motions is usually gone before the budget is brought down. Therefore what the parliamentary assistant has done is to serve notice on the House of Commons that the possibility of private members' motions with respect to taxation reaching a decision has been wiped out.

Mr. Sinclair: May I interrupt the hon. member? Private members have never had any right to make decisions on taxation matters. That is purely and entirely the responsibility of the government, and in particular of the Minister of Finance. The hon. member has never had the right to make a decision on tax matters.

Mr. Knowles: When I spoke on this question on April 23 I agreed with the position of the minister as the parliamentary assistant has put it now, but I also pointed out to him that the very same sections of the rule books which confine that right to the government also spell out the right of private members to bring in motions expressing opinions on matters that should be considered. The action of the parliamentary assistant today, which has been taken in the name of the Minister of Finance, is denying us the right to get a vote on a motion expressing an opinion. I submit that the parliamentary assistant is perfectly right in telling us what the position of the government is with relation to a matter like this, but I submit we are right in pointing out what the position of private members is as a result of the announcement the parliamentary assistant has made today.

Mr. Sinclair: I quite agree with the position now taken. In every debate on tax matters that takes place before the budget, and in the course of which consideration is asked, every member of the house can put forward his view. Whether the motion for consideration is accepted, talked out or voted down, the government is then aware of hon. members' views on tax matters because they have been able to express them publicly, but they have never had any right of decision. Let me give you a personal case quite aside from the case which I stated on behalf of the government.

Mr. Knowles: What is it, margarine?

Mr. Sinclair: No, I am talking again on the 4 per cent. The hon. member has referred

to the margarine resolution. I recall earlier resolutions of mine on crown corporation taxation, something that has now come to pass under the present income tax resolution. I felt then and still feel that in putting forward such resolutions it would be helpful to have votes to show the opinion of members, but these tax considerations are in a very different category. With respect to the hon. member's motion to give consideration, he and other hon. members have repeatedly said that the house was unanimously in favour of the principle. I voted to give consideration, but anybody reading my speech of that day or who has heard me since will realize that I do not believe in exemptions of normal expenses, whether they be medical expenses or other things. I voted gladly for the motion that the minister should give further consideration to the matter, which was done.

What I am doing here is saying that we are going to revert to the practice which the hon. member mentioned in discussion of his resolution concerning the deductibility of trade union dues. It was the only one I could find in my limited research on these matters, and it is the best illustration I can give. It is quite true that we had a long discussion. Various members put forward their points of view. In the end the motion was defeated but the points of view expressed by members that day did have weight with the government. However, the government did not indicate that day whether or not they were going to do it any more than the Minister of Finance gives any other indication before the budget of what action he is going to take.

When the budget was brought down it showed that not only had consideration been given despite the vote in the house, which meant nothing, but favourable consideration had been given. In future exactly the same thing will be done with respect to the very narrow group of private members' resolutions which are introduced before the budget. However, if the acceptance of such motions for consideration were to be interpreted as meaning that the wish of the house had to be implemented by the government it would lead to budget changes being disclosed in advance.

Mr. Knowles: Before the parliamentary assistant interjected this last time I had just asked him to see our point of view as private members of the house contrasted with the point of view of the government. During the course of the remarks he has made he has pointed out that in his own experience he has seen the two sides of the case. He admitted in what he said that when he was merely an ordinary private member he felt it was desirable, in connection with certain matters in which he was interested, to get a vote of the house if possible even if only on a motion that consideration should be given to certain matters.

Mr. Sinclair: But never on a tax matter before the budget.

Mr. Knowles: The hon. member referred to the question of crown corporations.

Mr. Sinclair: Quite right.

Mr. Knowles: There we are. The parliamentary assistant admits it.

Mr. Sinclair: That matter was not raised before the budget.

Mr. Knowles: But the parliamentary assistant admits that he felt in those days when he was just an ordinary private member that it would be desirable and would strengthen his case if he could obtain a vote of the house.

Mr. Sinclair: No, the opportunity to air my views and the opportunity for other members to air their views in the house so the government could hear them.

The Chairman: Order. It seems quite clear that the two hon. members who are now speaking are not going to agree with respect to the treatment that might be given to the consideration of private members' resolutions in the future. I would ask hon. members to come back to the general discussion of the Income Tax Act.

Mr. Knowles: I am prepared to accept your ruling. Obviously each of us could go on for a considerable length of time, and it is also obvious that neither of us is going to convince the other.

Mr. Fournier (Hull): It has happened in the past.

Mr. Knowles: Each of us thinks he is right on this matter.

Mr. Weir: Would my hon. friend permit me to interject at this point? I understand he is going to leave the particular line of thought he has been following.

Mr. Knowles: That is right. I have been told to do so by the chairman.

Mr. Weir: Perhaps I am going to get into trouble with the chairman.

The Chairman: Order. If the hon. member wishes to continue the discussion of this matter he is out of order. He should not speak on it. Sufficient debate has taken place on this question which was referred to in a very incidental manner by the parliamentary assistant and taken up by the hon.

member for Winnipeg North Centre. If we are going to discuss it, then let us put aside the Income Tax Act resolution. What I have before me is the Income Tax Act resolution. I would ask hon. members to be reasonable and discuss the resolution.

Mr. Weir: I will accept your ruling. I was going to discuss the principle of the matter that the two hon. members were discussing. I think I had a better speech than either of them.

The Chairman: The hon. member may save it for another occasion.

Mr. Weir: I will forget it by then.

Mr. Knowles: May I get back to the resolution now before us and to a point which the parliamentary assistant discussed in his opening remarks this afternoon. The parliamentary assistant said that following the debate on the 4 per cent question there had been correspondence between him and a citizen of the city of Hull, and that in all cases copies of the correspondence had been exchanged among the parliamentary assistant, the hon. member for Eglinton, and myself. When the parliamentary assistant referred to the matter this afternoon I told him that I would kindly oblige by answering one of the points he tried to make in this letter. He was good enough to send me a copy of the letter, and I should now like—

Mr. Sinclair: If I may rise on a point of order, we have had a pretty general discussion entirely on item 5. Could we try to make a little progress? I also have material on item 5 and I suggest that we might confine ourselves to it.

Mr. Knowles: I am prepared to agree. I seem to be having as much trouble as the hon. member for Greenwood.

Mr. Macdonnell (Greenwood): Oh no, you are not. You are being allowed to go on.

Mr. Knowles: There need not be any ruling, Mr. Chairman. I accept the suggestion as being quite reasonable.

The Chairman: But I would ask the hon. members if the discussion on paragraph 1 has terminated.

Mr. Knowles: Oh, no. Without prejudice to the right of hon. members who still wish to engage in such general discussion as you will permit, I will defer any further discussion of the medical expense question until we reach paragraph 5 of the resolution now before us.

With specific reference to paragraph 1, I was pleased with something else the parliamentary assistant did this afternoon. It happens to be in line with something I intended to do myself; and even at the risk of repeating what he did I think I will still do it, for a reason I shall make clear. During the course of the main budget debate a number of us complained because the Minister of Finance gave the impression that there was a decrease in taxation involved in the rates now before us as compared with the rates of last year. That is not so; there has been an actual increase, even before one adds the social security tax. The parliamentary assistant was perfectly correct in what he said this afternoon, namely that if you closely examined the words used by the Minister of Finance on the night of April 8, what he said was that the rates of taxation for 1952 following these budget changes would be a little less than they would have been had there been no change. But he has also admitted this afternoon that the rates to be paid for 1952 are actually higher than the rates for 1951.

As the parliamentary assistant knows, when the Minister of Finance delivered his budget speech he followed his usual custom and put on *Hansard* three sets of tables showing what the income tax payments would be. Those tables are found at page 1254 of *Hansard* for April 8, 1952. I draw attention to the fact that the first column in each of these tables is headed "Income"; the next column is headed "Tax for 1952 at present rates"; the next column reads, "Tax in full year at new rates" and then there is a column dealing with percentages and a final column showing the tax in 1952, with six months at the present rates and six months at the new rates. What is missing from all these tables on page 1254 is a column showing the actual tax for 1951. I have taken the trouble—like the parliamentary assistant I like to go back and see what appears in *Hansard* of bygone years—to go back over quite a number of budget speeches, and I have quite a collection of them here on my desk. I find that every year the present minister has presented a budget involving any income tax changes, with one understandable exception, in his tables he has given the actual tax paid the year before and the tax to be paid during the current year.

Mr. Sinclair: If I may help the hon. member, the tables I put on *Hansard* at the request of the hon. member for Peace River cover this whole field.

Mr. Knowles: I recognize that. I said a moment ago the hon. gentleman had done something I had planned to do, and I was glad we were thinking along the same lines.

An hon. Member: Why do it again?

Mr. Knowles: An hon. member asks, "Why do it again?" The reason is that we have

different points of view about these matters. I have not yet seen those tables, and I want to make sure there is on *Hansard* a statement comparable to the kind of statement the minister has made before, showing these taxation changes from the perspective from which we see them, a perspective which I think is shared by people generally.

I was about to point out that on April 10, 1951, when taxation changes were made, the columns included the 1950 tax, the 1951 tax, the increase in 1951, and the increase in a whole year. There were no income tax changes in 1950, but if you go back to 1949 you will find the comparable tables at pages 1796 and 1797 of *Hansard* for March 22 of that year. In that instance there were reductions in taxation. Again the first column shows the income, the next column is the 1948 tax, the next column is the 1949 tax, and the last two columns are the reductions, first in dollars and then in percentages.

My point is that it has been the normal practice of the Minister of Finance to bring the tables before the house in that form: these were the amounts paid last year; these are the amounts which will be paid this year. But when he presented his budget on the night of April 8 this year he chose to depart from that practice. Instead of giving us the amounts that were paid last year and the amounts that will be paid this year, which would show the increase Canadians must pay, he gave as the first column the amounts that would have been paid this year under rates not being charged for this year, so that for a little while that evening he could make the suggestion of a slight decrease in taxation.

I took the trouble to work out a table, and I believe it will compare with one of the tables the parliamentary assistant has placed on the record. The hon. gentleman has now sent across to me some carbon copies of those tables. Naturally, since I am on my feet I have not had time to make a close comparison; but I would suggest—

Mr. Sinclair: Just read the headings, and you will find they are exactly as you suggested.

Mr. Knowles: I would suggest that the table I prepared and which I would like to put on the record is simpler, in that it is only one table. Since the committee was good enough to let the parliamentary assistant put four involved tables on the record, I hope it will let me put on the record one simple table which will read as follows—

Mr. Sinclair: I want to raise this point, Mr. Chairman. At the request of the hon. member for Peace River—which request could have been made by the hon. member for Winnipeg North Centre in his budget speech—I put on the record these four tables which have been prepared by the officials of the department. In connection with putting tables on the record, of course, there is the matter of the accuracy of the calculations. If all the matter contained in my hon. friend's table, and much more, is in these four large tables I have submitted, I do not think it is going to be helpful to have the hon. member's homework put on the record as an addition to the facts and figures already there.

Mr. Knowles: Before you reach a decision on that point, Mr. Chairman, I may say I have now had a chance to look at the tables prepared by the department, and my table compares with them except that it is much briefer in form. It is just one table showing the changes in the case of one taxpayer, namely a married taxpayer with two children eligible for family allowance. It will not take very long to read the figures, and if necessary I can put it on in that way. I thought I would save time by asking permission to put the table on the record.

Mr. Sinclair: There is a complete table covering that very taxpayer, a married man with two children eligible for family allowance, right there. If as a check on the figures of the officials of the department the hon. member wants to put his own calculations on the record I suppose the committee might consent, but I cannot understand why we should duplicate the work of the officials.

The Chairman: The hon. member said he was prepared to read the table anyway. If he is going to put it on in any case, why not let him put it on the record and save time. Is it agreed?

Some hon. Members: Agreed.

Mr. Knowles: I thank the committee for its consent to put this table on the record. It is as follows:

1951 and 1952 Income Tax Payments
Married Taxpayer—with two children, eligible for Family Allowances

Income	Tax in 1951	Tax in 1952	Percentage Increase
$2,000	....	....	..
2,400	$17	$18	5·8
2,500	33	35	6·0
2,750	74	79	6·7
3,000	116	123	6·0
3,500	202	215	6·4
4,000	296	313	5·5
5,000	498	529	6·0
7,500	1,060	1,129	6·5
10,000	1,740	1,854	6·5
20,000	5,913	6,275	6·1
30,000	11,011	11,624	5·8
50,000	23,209	24,376	5·0
75,000	40,132	42,075	4·8
100,000	58,156	60,998	4·8
200,000	138,054	144,814	4·9
400,000	310,353	326,426	5·1

Note: (1) In calculating the above taxes it has been assumed that all incomes up to $30,000 are entirely earned incomes, and that incomes of more than $30,000 include earned income of that amount and additional investment income to make up the total. No account has been taken of the 10 per cent tax credit for dividends from Canadian corporations. This corresponds to the computation made by the Minister of Finance; see *Hansard*, April 8, 1952; pp. 1254-1255.

(2) The old age security tax of 1 per cent on taxable income (maximum tax $30) in 1952 or 2 per cent on taxable income (maximum tax $60) thereafter is not included in the above amounts.

I think the point I made will be borne out when one compares this table with the others. My table is much simpler. It does not bury or confuse the point. Rather it makes the point stand out much more clearly than in my view is the case from the more complex tables which the parliamentary assistant put on *Hansard*. The point that I want to stand out is that the actual result of the budget that we have before us is that the taxpayers of Canada for 1952 will, in all cases, pay more than they paid for 1951. I have also indicated what the percentage increase is in each case, and it is interesting to note that that percentage increase is fairly high in the lower brackets and right up to about $10,000 and even $20,000 income. The percentages in the brackets up to that point run 5½, 6 and 6½. Those are the increases in actual amount of income taxes to be paid for 1952 as compared to 1951. But when you go on up from $20,000, the percentage increases are lower. They are 4·6, 5·0, 4·8, 4·9 and 5·1, and so on.

Mr. Sinclair: May I make one interjection at this point? The hon. member probably recalls the very wise observation of the member for Peace River that, so far as the taxpayer is concerned, it is not the percentage increase or decrease but it is the dollar increase or decrease that is important. I think your table should include that as well.

Mr. Knowles: I was trying to keep my table simple. The parliamentary assistant has put on the record tables that are complicated enough.

Mr. Sinclair: Simply to prove your point, but not the other points. My tables are complete enough to prove anything you wish to draw from them.

Mr. Macdonnell (Greenwood): We had better stop right now, then.

Mr. Knowles: As a matter of fact, after I had worked out these tables—I did them in pen and ink—I thought of the very point to which the parliamentary assistant has referred. I worked those figures out, too, in pencil, but I decided—and I am not at all reluctant to give some examples, if they are wanted—that it would complicate the picture to put in another column.

Mr. Sinclair: Complicate your argument.

[Mr. Knowles.]

Mr. Knowles: Not at all, because as the member for Cape Breton South has said, it is not the dollars you pay but the dollars you have left that count. It is one thing for the parliamentary assistant to say, if he had a chance to look at the pencilled figures on my table, that at the top bracket of $400,000 the increase is $16,073, whereas down in the lower brackets the increase may be only $7 or $13 or $17, but it is a lot easier for a person with $400,000 to pay that much of an increase than it is for some of those in the lower brackets to pay even a few dollars increase. It is not what you pay out, but what you have left that counts. A system of increases that become less in percentage as you get up into the higher brackets is contrary to the accepted practice in the field of taxation, where we believe in taxing according to ability to pay.

I agree that the government can be handed a little compliment once in a while for some things that it does. I have always been interested in the relationship between that portion of our taxes that are collected by the direct method and that portion collected by the indirect method. I am one of those who has been complaining across the years against the high proportion being collected by the sales tax and other indirect methods. I keep studying the figures and the fact is—I am free to admit it and compliment the government on it so far as it has gone—that the government has moved in the direction of a higher percentage from direct taxation and a smaller percentage from indirect taxation. If the government is acceding to some of our requests in that connection, I do not think it should hold back when it comes to the progressive nature of the income tax.

As I say, the figures I have given show that the percentage increase in the upper brackets is less than the percentage increase in the lower brackets. I have not even tried to work out what the picture is with respect to those who formerly were paying over 100 per cent. Such a calculation becomes very complicated. The parliamentary assistant knows that one of the reasons for incorporating the former defence surtax into the general income tax was to avoid that situation, so with respect to those who formerly had to pay slightly over 100 per cent their tax liability has been reduced. The highest rate in the new schedule is 86 per cent, plus 4 per cent surtax on investment income. Perhaps the parliamentary assistant knows offhand what top rate that could produce.

Mr. Sinclair: It could produce 90 per cent.

Mr. Knowles: Whereas formerly one could be required to pay 100·8 per cent on a top bracket.

Mr. Sinclair: You are certainly wanting your pound of flesh now.

Mr. Knowles: Pound of flesh nothing; what you have got here is an admission that there will be some people who will have an actual reduction in the amount of taxes that they will pay. They are in the very high brackets, but it is an actual reduction in terms of the percentages which the parliamentary assistant and I have agreed to be the case. Down in the lower bracket, however, the percentage increase is higher than it is in the upper brackets. I recognize that perhaps the amount of money to be obtained by adding a few per cent to the top bracket is not great, but I contend that in principle our income tax should be progressive right down the line. I object to the failure of the government to follow that course with regard to the taxation of those in the upper brackets.

I have made this speech a lot longer than I intended, mainly because of the difficulty I had over those tables, but at least I hope we have it clear now, in plain language that the man in the street can understand, that the income tax to be paid by Canadians for the year 1952 is greater than the income tax paid by Canadians for 1951.

Mr. Coldwell: May I speak on a point of privilege? This afternoon when I mentioned a certain figure I saw great surprise on the countenances of some members in the house. I ran up to my office to see if my memory had played tricks on me. I have before me a book entitled "The Nature and Tax Treatment of Capital Gains and Losses", by Lawrence H. Seltzer, published by the national bureau of economic research in the United States. The statement to which I referred is this:

> A man who bought 200 shares of Pepsi-Cola Company common stock at $6 a share in 1939 could sell his holdings for more than $225,000 in 1945.

I appreciate the explanation that the parliamentary assistant made, but let me point out that in this case a man bought these in 1939 and sold them in 1945. An investment of $1,200 would yield a return of $225,000.

Mr. Browne (St. John's West): Nobody had the money to buy them then.

Mr. Coldwell: Somebody had $1,200 and bought them. I could cite a number of other examples, but since that is the only one I mentioned, and I thought my memory could have played tricks on me, I should make sure it was put accurately.

Mr. Fournier (Hull): Since we are speaking to points of privilege, Mr. Chairman, I have one. When the hon. member for Greenwood was speaking about the 4 per cent floor on medical expenses, I interrupted to say that he was repeating what he said in his speech on the budget. Since then I have re-read his speech and find that he did not mention this subject. I wish, therefore, to withdraw what I said and apologize to the hon. member.

Mr. Browne (St. John's West): This afternoon the hon. member for Vancouver-Quadra raised the question of exemptions for dependents, but I did not think he developed it as fully as it might be developed. That is with regard to the exemption for children who are dependent and who are over the age of 21. As the act now stands, in order to get an exemption a child must be wholly dependent on the parent and under 21 years of age or 21 years of age or over and dependent by reason of mental or physical infirmity. It is quite obvious that under 21 the exemption is given because of the dependence of the child upon the parent. As regards the taxpayer, what is the difference whether the child is 21 or 22? The taxpayer is penalized if the child is not mentally or physically incapacitated but is a student at a university, and is costing the parent $1,000 or $1,500 a year.

I suggest that times have changed since this exemption was put at 21. I do not know what the origin of it was or why it was put at 21. I do not know whether it was because the child was supposed to become a man or woman at 21 and therefore ought to be working. If he is working, he is not dependent. But as long as he is dependent I think there should be an allowance especially with regard to university students.

Since the war and up until the past year it was difficult for a young man coming out of high school with matriculation to get into a university. I know of one young man who had to wait and take a degree at another university before he was allowed to go into medicine. The result is that he entered the medicine course at 24. He is dependent on his parents. It is true that he will be able to get some employment during the summer months but the amount that he would earn would be far from sufficient to take him through during the rest of the year.

The same thing applies not only to medicine but to engineering and to dentistry. In the universities today we have a pre-dental course, a pre-engineering course and a pre-medical course. By the time a young man can graduate in engineering, he is at least 23 or 24 years of age, and he is probably older than that before he can graduate in dentistry or medicine. I was speaking to a university man today and I asked him how old the students were in first-year dentistry; and I mean the regular course in dentistry.

not the pre-dentistry course. He said that he was 25. I said: You must be much older than others. He said: No, not at all; most of them are about my age and some of them are as old as 30 or 32. As we know, a good many men came back from the war and entered on the financial arrangements provided by the government. They were, of course, much older students and they created such a demand for space in the universities that ordinary persons had to wait for two or three years.

It seems to me that it should be defined, at any rate, why is it that a person is regarded as a dependent until he is 21 but, as soon as he strikes this magic age of 21, is no longer a dependent and the taxpayer is no longer entitled to claim an exemption for him.

I have had a family of my own. Several of them have gone to university. One of them is attending the conservatory of music, which is not exactly a university. So I know what all this means. A person when studying music or medicine has no opportunity, as have other students, of earning money during the summertime to assist in financing him at university or in whatever course he is taking. I therefore feel that the government should give consideration to this matter.

I have heard parents ask about the matter. They have said to me: Why can you not get the Minister of Finance to make some exemption for our children over 21 who are attending university? They are really a dead weight or a dead load just at that particular time. If they were earning money, no parent would think of asking for that exemption. They could not anyway, because the law would not allow them to do so. I suggest that the Minister of Finance should give serious consideration to enlarging the exemption for students who are at university.

Mr. Herridge: Mr. Chairman, I have been waiting for two hours to catch your eye. I am very glad that at last I, in this inconspicuous corner of the chamber, have succeeded in doing so. I was going to say a few words on the question of increased exemption but as the hon. member for Winnipeg North Centre in his speech has expressed the views of this group and the views of all of the members of the C.C.F. in Canada and of the millions of people who support those views, I shall not repeat them. I want to take the opportunity presented by this general item to bring to the attention of the parliamentary assistant what I consider to be a measure of injustice and to ask him a question or two. I must say that I love asking the parliamentary assistant questions. I must also say that he is extremely courteous and usually goes to considerable trouble to answer questions asked of him verbally or when they are submitted in writing, and I appreciate that fact.

There is in my constituency a situation which no doubt is duplicated in many other places in Canada. I am now using my own personal experience or that of my constituents in order to illustrate my point. I am speaking again of the employees of the Consolidated Mining and Smelting Company who work in a defence industry and who, in many cases, have to travel up to 40 miles a day to and from their work. They are obliged to travel that distance in order to find accommodation for living, home sites and so on. Their services are necessary to the company and to the defence industry. That travel costs those employees from $10 to $20 a month in the way of out-of-pocket expenses depending on the distance. Those are expenses which they cannot avoid.

As I see it, Mr. Chairman, the working man or the salaried worker who has to accept a payroll deduction and the farmer who sells his crop through a marketing agency are the only persons from whom the government can be quite certain of collecting all the taxes that are due. In this connection I might point out that while these men at the present time are denied the opportunity to deduct these necessary and unavoidable travelling expenses for income tax purposes, a businessman can go to Vancouver and as long as he goes to wholesale and says: "How do you do?" and does some business he can charge up his expenses legally, or he can buy a few cross-cut saws or wedges and comply with the law. Or he can go to Toronto and do some business or he can go to New York. Any businessman can do that and enjoy a holiday as long as he does some legitimate business. The point is that he can take a business trip, combine it with a holiday, and properly charge up a considerable amount of the expenses to the operation of his business. There are other cases that I could give as illustrations of the opportunities for deduction. Once again I want to bring this situation at Trail to the attention of the parliamentary assistant because numbers of the employees have written to me. They are anxious that the government give consideration to this question.

I should like to ask the parliamentary assistant whether consideration has been given to allowing deductions in such cases. If so, why has the decision not been favourable?

Mr. Gillis: Mr. Chairman, I should like to get in my four cents' worth. I should like to support the hon. member for St. John's West

in the statement he has made with regard to consideration for some exemptions while students are attending university. I think the cut-off age of 21 is an old formula which has outlived its usefulness. As the hon. member points out, across the country there are many students in universities today who are 25 to 30 years of age. I myself have run into a great many of them. That situation is due to the fact that the government embarked on a program of university education for returned personnel. That is particularly true with regard to dentistry. We are crying to high heaven for doctors. We are importing them for defence industries. I think that consideration should be given to any encouragement which the government can give to students in universities who are taking courses in medicine, engineering or dentistry. I think that cut-off age of 21 should be forgotten and that the formula should be "while attending university".

During the budget debate I raised a point that nobody else has taken up on the resolution. I should like to ask the parliamentary assistant whether any consideration was given to the matter of exempting, as a tax offset, the expenses of a person who is obliged to hire a housekeeper. I know that there is already an exemption of $1,000 for the wife; but where she is in ill health or is in an institution the man with a family is obliged to hire a housekeeper. He has to pay her wages. He has to maintain her, and he is up against the responsibility of maintaining his wife in an institution which is pretty costly in this country today. In my remarks on the budget speech I suggested that consideration should be given to permitting as a tax offset the expenditures of a person who is maintaining a home when he has to hire someone to come in and look after that home while his wife is in an institution or is ill at home. Has any thought been given to that matter?

Mr. Fair: I am not a bachelor, but I would like to put in a word for bachelor farmers who are operating a farm. I understand—in fact I have had complaints—that they are not allowed to deduct as a farm expense wages for a housekeeper. That is one of the wrongs that should be righted at this session without any further delay, because, if that farmer took the time himself to do the work that the housekeeper does, it would cost him far more to pay the worker on the farm to carry on the work that he would do if he were not doing the work that the housekeeper would do.

I have listened to the hon. member for St. John's West and to the hon. member for Cape Breton South and many others speak on further exemptions for those attending colleges and such institutions. I think that exemption should be granted also.

There are programs undertaken by the government, and many of the students who are carrying on are not able to do justice to their studies because of the hardships brought about by financial difficulties.

Mr. Sinclair: If I can recall the series of questions, the first one had to do with university students. As far as they are concerned, we have already had some discussion on it. I think the point was raised by the hon. member for Vancouver South and the hon. member for Vancouver-Quadra. It is a problem which is raised each year by correspondence either from parents or from members of parliament. The answer is neither a simple nor an easy one. It is again this matter of trying to do indirectly what is better done directly. The best way to handle it for university students is by bursaries or loans. Indirectly they are tax relief. When we exempt them from that tax relief again it is a matter of whether it is fair or whether it is progressive. After all, it has long been recognized that a person of 21 should be self-supporting—I am quite sure that the hon. member for Cape Breton South was earning his living long before he was 21—and if the family circumstances are such that the breadwinner of the family can support him when he wants to go on further to university, they are in much better financial circumstances than other families who may have equally deserving boys who, because they have not that financial support, must go out to work, as many members of this house have had to do, to finance their university careers. Therefore the first element of injustice creeps in. The less wealthy, who cannot support their boys, are going to get no tax relief.

The second point, of course, is that in such cases when a son who is a man is supported by his father to get a university education as a dentist, a doctor or an engineer, he is making a pretty large investment in his future. I would say that the recovery is made in most cases by the son paying back when he is finished and has got the better class of employment he has obtained as a result of that investment by his father. I do not think very many think they should repay their parents the cost of education provided when they were children; but certainly when an adult man is supported by his parents at university or a professional school I would imagine the recompense would come from the man himself when he is out earning his living in that chosen profession.

The third point of course is, again, where are we going to draw the line? People have mentioned universities. Well, if we keep it strictly to universities then the example given by the hon. member for St. John's West does not apply. He used the example of a boy going to a conservatory. Is a conservatory a university? Then there are boys who go to schools, such as vocational schools here and in the United States, at the age of 21, 22 and 23. Generally they work and save to go to these vocational schools. Could they be classed as universities? The reason for the present attitude is the objection first of all that this is another case of trying to do indirectly in a minor way through tax relief things which should be done much better directly through bursaries or loans at the universities.

The next point was the matter of transportation for the workers. That again is a matter of one of those ordinary expenses which are embodied in the ordinary living costs of everyone. Unusual transportation expenses might be in the same class as unusual medical expenses; but in this case, especially with those workers who are in a bargaining position because they are highly organized in the plant to which the hon. member referred, if they have to travel this long distance to work, they know in their own minds that that is a cost of living to them and they bargain accordingly directly with the employer for a wage to compensate for that.

The hon. member referred to the fact that the individual businessman is allowed the cost of expenses of making business trips. I think he mentioned hardware particularly. I am not much of an expert on that; but again there is a great difference between a business operation and a salary or wage job. In securing a salary or a wage the workers must have in mind the cost of the ordinary or usual expenses, of food and clothing, transportation, ordinary medical expenses and the like, exemption for which is given in our basic allowance.

The other point was made by the hon. member for Cape Breton South. That is the matter of medical expenses. Quite a bit is done in this respect. In connection with the example of the widower who has to hire a housekeeper because he has dependent children, he has the right to claim married status as far as the income tax exemption is concerned. If on the other hand he has to have a housekeeper because his wife is at home bedridden and needs attendance the year round, then that could be claimed under the medical exemption class as part of his medical expenses. There is not as yet any provision for the other case he mentioned, namely, that of a man who requires to hire a housekeeper to take care of his house and children because his wife is a patient in an institution. His housekeeper then is not in attendance on the wife. However, that matter can be given consideration.

The last question is a most interesting one, namely, that of bachelor farmers. I might point out that our income tax rates are heavily weighted against bachelors in every respect, again on this very sound principle which has been enunciated earlier by hon. members that the income tax is the fairest and best tax because it is based on ability to pay and because it can be made progressive. Well, certainly, bachelors have a much greater ability to pay than men who have wives and are raising and supporting children. The second thing is that actually through taxes we are able to achieve or at least to encourage desirable ends, and I think as far as this country is concerned it is desirable that most of the bachelors settle down to a happy married life and make sure that this country is going to go on and expand in numbers. And if that measure of encouragement is given by the present taxation system I think it is a matter of general acceptance.

Perhaps these bachelor farmers in the end will marry their housekeepers and enjoy the benefits, both socially and through the tax return, of marriage.

Mr. Low: I just want to say a word about this matter of extending the exemptions for students who are attending university. I was very much impressed with what the parliamentary assistant had to say. I followed it with keen interest. Perhaps he had some good arguments. I wish to support the contention of the hon. member for St. John's West, and others, that this age limit of 21 should be raised, particularly for students who are attending university. Things are different today from what they were when "Clarie" Gillis was a boy, and quite different from what they were when I was a boy.

Mr. Herridge: That was a long time ago.

Mr. Low: Very likely. But the young people in that day did not require the standard of education required today to be able to enter into the employment that would earn them a living. Every year since then—every five years, at any rate—the requirements have risen. That is, we are competing more in each five-year period.

Mr. Laing: The courses are longer.

Mr. Low: Yes, and there is greater competition for the jobs that do exist. That has

been proved, I think, by the fact that universities and schools across the country have increased the prerequisites, as well as the length of the courses. That fact in itself indicates that there has been quite a change since "Clarie" was a boy.

Today boys and girls complete their high school education at the ages of 18 or 19 years. They just get nicely started at university, and suddenly their parents are cut off from income tax exemption in respect of those children. The parents have to bear the extra tax as well as the cost of giving these young people the last year or two of their education. I believe the people of this country would wholeheartedly support the Minister of Finance in increasing the age, let us say, to 23 or 24, if they are going to university or college, or to some other training institution in order to complete the education begun before reaching the age of 21, in an effort to make themselves self-supporting.

There was one thing the minister did not say, and that was this, that, when boys and girls are encouraged to go on to higher education, if the Minister of Finance would give this further help to the parents so that these young people might become qualified through their education to earn higher salaries, the minister would get back, in higher returns these boys and girls would be able to earn, anything he might allow.

Mr. Laing: That is a long-range view.

Mr. Low: They would be in a higher tax bracket. We have to look at these things from the long-range viewpoint. I appeal to the parliamentary assistant to take into serious consideration the raising of the age limit to 23 or 24, if these people are going to university or to some other training institution to complete education begun before reaching the age of 21. If that sort of cut-off is arranged, I do not think anyone could take exception to it.

Resolution stands.

Progress reported.

BEEF AND PORK

SALES OF CANADIAN MEAT TO UNITED KINGDOM—EXCHANGE OF NEW ZEALAND BEEF AND PORK TO UNITED STATES

Right Hon. J. G. Gardiner (Minister of Agriculture): Mr. Speaker, I should like to revert to the order for motions.

Mr. Deputy Speaker: Has the minister leave to revert to motions in order to make a statement?

Some hon. Members: Agreed.

Mr. Gardiner: Mr. Speaker, I stated yesterday that some arrangement had been entered into which we hoped would be satisfactory for the disposal of the surplus meat which is coming on to the market in Canada at the present time. The announcement I am about to make is that there has been agreement among Britain, New Zealand and ourselves. I am about to read the announcement to the house now. This is the statement regarding the meat agreement with Great Britain and New Zealand:

As a result of an outbreak of foot-and-mouth disease in Saskatchewan, Canadian livestock and meat which would normally be sold in the United States are not permitted entry to that market. Canada has therefore a surplus of beef and pork.

Agreement has been reached between the governments of the United Kingdom, New Zealand and Canada whereby Canadian meat will be shipped to the United Kingdom in exchange for New Zealand beef and pork which will in turn be sold through normal commercial channels in the United States. The Canadian meat to be shipped to Britain will not come from or through the affected area in Canada.

The United Kingdom will pay New Zealand in sterling at the existing New Zealand-United Kingdom contract rates and Canada will receive the proceeds from the sale of the New Zealand produce in the United States. As the New Zealand meat has to be exported frozen it will realize less in the United States than would have been received from the fresh Canadian product. Although there will be a net loss to Canada, Canada has expressed a willingness to recompense New Zealand for the trouble involved in implementing the exchange and the determination of a share for New Zealand in any excess there might be of net United States over sterling proceeds is under consideration.

That is the announcement as it is being made in the three countries.

I am sure the house will support me when I say that we greatly appreciate the helpfulness of the governments of Great Britain and New Zealand in making this arrangement possible. While we have naturally not asked them to bear any share of the cost, we do recognize that the arrangement has, to a degree, upset their normal plans for meat delivery. We hope that the British people will receive some compensation through earlier delivery and perhaps also by obtaining larger quantities of meat than might otherwise be possible.

May I also express a word of appreciation of the efforts of our own officers who helped to negotiate the arrangement and of the trade

commissioner service of the Department of Trade and Commerce which has been most helpful at every stage. I can assure the house that there has been the best of co-operation among all concerned, both in Canada, Great Britain and New Zealand, as well as with our friends in the United States.

In addition to the announcement I have just made, which has also been released in Great Britain and New Zealand, I am glad to be able to tell the house that we have today started moving quantities of beef to Montreal for early delivery to Britain. In other words, the meat is already moving. Freezer space on ships has been booked, and there is every indication that the movement can continue without interruption in so far as shipping and other facilities are concerned.

As is well known to members of the house, we have appealed to farmers to hold their cattle off the market in so far as they possibly could in order that the supply of beef might not greatly exceed the Canadian demand. That they have done so is proven by the fact that cattle marketings for the first eighteen weeks of this year are some 25 per cent below those of a year ago. However, in spite of decreased marketings the beef supply has been somewhat in excess of Canadian demand and considerable quantities have been accumulated in storage. It is because of this fact that it is now possible for us to have beef moving to seaboard for early delivery to Britain. As the program continues we have every reason to expect that our markets will be relieved of surplus beef.

I should like to emphasize, however, that it is still highly desirable for farmers who have grass and feed to hold lightweight and unfinished cattle rather than deliver them to the markets. If this is done we are confident that the floor prices can be maintained until the present emergency is past.

Mr. George A. Drew (Leader of the Opposition): May I express the hope that the minister will regard whatever measure of success he may feel has been attained by the negotiations now completed as an encouragement to extend negotiations with Great Britain. I hope that the government will extend their negotiations and have the kind of commonwealth conference that we have been requesting for some time.

Mr. Knowles: Would the minister permit one question? Will this result in the early lifting of the quarantine at Winnipeg?

Mr. Gardiner: That is entirely in the hands of the Manitoba government.

[Mr. Gardiner.]

Mr. Knowles: I was not referring to the Manitoba embargo but to the federal government's quarantine at Winnipeg.

Mr. Gardiner: Any quarantine the federal government has, whether at Winnipeg or elsewhere, is associated with the handling of the disease, and merely as a result of this action we cannot relinquish any of these restrictions.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

PRIVATE BILLS

MORAVIAN CHURCH IN AMERICA

Mr. John Decore (Vegreville) moved the second reading of Bill No. 185, respecting the board of elders of the Canadian district of the Moravian church in America.

Mr. Green: Could we have an explanation by the sponsor?

Mr. Decore: The purpose of this bill is to amend the original act of incorporation of this body, which was carried out by dominion statute in 1909. The first change proposed is to move the location of the head office from Strathcona to Edmonton. At one time Strathcona was bigger than Edmonton, but it finally became incorporated into Edmonton; just as at one time Calgary thought it was a bigger city than Edmonton, and the time is coming when it will be incorporated into Edmonton.

Mr. Nickle: Or vice versa.

Mr. Decore: I wish to assure the hon. member for Calgary West that we are not very fussy about having Calgarians in Edmonton, anyway; but that is the situation. The next important change is to increase the number of elders, the governing body of this church, from three to five. The next change is to increase the value of the real estate that may be held in Canada from some $50,000 to $500,000. Since the incorporation of this body in 1909 the number of members and adherents and churches has continued to grow, making it necessary to hold more real property and to expand the governing body.

I would like to give a very brief historical outline of this church. It claims to be the oldest Protestant church in the world and to have as its founder John Huss, who was burned at the stake in 1415. It takes its name from Moravia, which is a province of what is now Czechoslovakia. The church is noted for

its missionary work and was one of the first to have foreign missions in Labrador and Alaska. There are in my constituency a number of people who belong to this church, and I can assure hon. members that they are good Christians and good Canadians. I think this bill should be referred to the standing committee on miscellaneous private bills.

Mr. Cruickshank: I would like the hon. member to understand that I am quite in accord with this bill, but why is the change being made from one minor city to another in western Canada?

Mr. Decore: I am not sure that I understand the question. Why is the change being made from what?

Mr. Cruickshank: As I understand it, the headquarters of this church are being changed from one city to another within the same province, which is more or less a subsidiary of British Columbia. Why is the change being made?

Mr. Decore: There is no longer a city called Strathcona. It is now the city of Edmonton, which includes what was formerly Stratchona. If my good friend will visit Edmonton, as he should, he will find that it has expanded greatly and, as I said a moment ago, it may eventually take in Calgary.

Motion agreed to, bill read the second time and referred to the standing committee on miscellaneous private bills.

BOUNDARY PIPELINE CORPORATION

The house resumed, from Tuesday, May 6, 1952, consideration in committee of Bill No. 62, to incorporate Boundary Pipeline Corporation—Mr. Larson—Mr. Beaudoin in the chair.

On section 1—*Incorporation.*

Mr. Green: Mr. Chairman, this is a bill to incorporate a pipe line company to be known as Boundary Pipeline Corporation. The plan of the sponsors of the bill is to pipe natural gas from the province of Alberta to Winnipeg, and thence in due course to the central states of the United States, I presume having in mind more particularly such centres as Minneapolis and St. Paul and possibly Chicago. The applicants as set out in the bill are all described as residents of Regina, but behind them is a United States pipe line engineering firm known as the Fish Engineering Corporation of Houston, Texas.

Your Honour will remember that there was no debate on the second reading of this bill. It got through that stage, perhaps through the negligence of some of the members of the house, with no debate at all, and was referred to the standing committee on railways, canals and telegraph lines. This evening I wish to comment on one incident which took place while this bill was before the standing committee.

The main witness called on behalf of the applicants for a charter was a certain Robert R. Herring, of Houston, Texas, who is an engineer for this Fish Engineering Corporation. He was being questioned by the member for Calgary West who, without any question, is an authority on oil and natural gas matters. Before that member had finished his examination, some of the government members of the committee intervened and moved the following motion which will be found on page 73 of the proceedings of the committee. It reads:

> . . . that sufficient evidence has been obtained for the committee to decide as to the economic practicability of the pipe line under consideration; and that the question be put on the preamble without further examination of the witness. After discussion and the question having been put on the said motion, it was agreed to on the following division:

There follows a list of the names of the members who voted for and against that closure motion. All the Liberal members present at the time voted for that motion, with the exception of the member for Hastings South who voted with the representatives of the opposition parties; for that stand I am glad to give him credit.

I would point out, Mr. Chairman, that the member for Calgary West had not yet finished his examination, and that the passing of that motion also had the effect of preventing other members of the committee from carrying on an examination; each one of them had the right to question the witness. Again, I would point out that this was a private bill and supposedly not sponsored by the government. There was plenty of time available because we were not halfway through that particular sitting at the time this motion was brought forward. We could have sat again in the afternoon. There was absolutely no time to be gained by shutting off the hearing of evidence in that manner. There were no other bills before the committee except this pipe line bill. The result of this motion, of course, was that the bill could not be given full consideration in the committee, because Mr. Herring was the principal witness.

I would point out to Your Honour, and to the members of this house, that actions such as this by a government majority on a committee are unfair, they are unwise and they are contemptuous of the democratic procedure. In fact, they are against the best traditions of this House of Commons. I regret very much that such a stand should be taken by government members in any committee. They would not dare to do it in the house because of the adverse publicity that would

be at once spread across the country. Yet it was done in a committee, and it is becoming a habit which has got to be stopped. This is one more example of the weakness of this present parliament in that it has such an overwhelming government majority. I would suggest to the Prime Minister and the members of his cabinet that they remind their followers that Canada still belongs to the Canadian people and not to the so-called Liberal party.

This bill raises the question of what is to become of the natural gas piped east from the province of Alberta. It is admitted by all concerned that there will be only one line to the east, just as there is to be but one line to the west. I would remind hon. members of the debates which have taken place in this house concerning the question of piping natural gas from Alberta to the west coast. In the fall session of 1949 we had a debate concerning the bills of two groups of applicants who sought to gain charters to enable them to pipe that gas from southern Alberta down into the state of Washington at the first convenient point, and from Washington to the state of Oregon with a branch line up to Vancouver and possibly another branch line up to the Canadian city of Trail. These private bills were talked out in 1949. They were re-introduced in the session of 1950 and, after considerable debate, were finally allowed to go through. The names of the two companies then granted a charter were the Alberta Natural Gas Company and Prairie Transmission Lines Limited. It is significant that the Fish Engineering Corporation, which is behind the bill we are now considering to incorporate Boundary Pipeline Corporation, was also behind the Prairie Transmission Lines Limited. Last year, in the spring session of 1951, a private bill was introduced which would have incorporated a pipe line company known as Border Pipeline Corporation. The sponsors of this bill also planned to pipe gas or oil, I forget now which it was, to the Pacific coast via the United States. That bill was talked out during that session.

In due course the various companies which had obtained charters applied to the Alberta petroleum and natural gas conservation board for permission to pipe gas from that province. In the month of March of this year a decision was handed down by the board authorizing a company known as Westcoast Transmission Company Limited to pipe gas to the west coast from the Peace river district. This meant, of course, that they would pipe it through British Columbia first and then any surplus would go down to the states of Washington and Oregon. Of course, that was the route which we had advocated throughout, or alternatively the route from Edmonton through the Yellowhead pass and so to Vancouver.

The board having handed down its decision, the Alberta government put through a bill granting permission for the exportation of this gas from the Peace river down to the western Canadian coast. The British Columbia government is, of course, willing to take whatever steps are necessary to assist in the construction of that line, because the legislature of British Columbia has repeatedly taken a unanimous stand in favour of a gas line to the west coast which served Canada before reaching into the United States. The company building this line to the west coast still will need the approval of the board of transport commissioners and of the Minister of Trade and Commerce, the latter permission being required to export to the United States. They will also need the permission of the federal power commission of the United States for such export.

It is interesting to note that with respect to this same Fish Engineering Corporation, which is behind the present bill, that when their company, Prairie Transmission Lines Limited, lost out in the race to get permission to pipe gas west, the president of the company at once announced that he was going to rush natural gas into the states of Oregon and Washington from Texas, and in that way prevent the Westcoast Transmission Company Limited from getting Canadian gas into those two states.

As to the export east of gas from Alberta, the Alberta board refused to give any direction for such export. It appears that in that province the exportation of gas is a hot political issue with the Liberals and, I think, the C.C.F. taking the position that no gas whatever should be exported from Alberta, while the Social Credit party has stood for such export. However, it is expected that permission will be granted later this year for the export of natural gas east from the province of Alberta. Hence the question of where that gas is to go is extremely important at the present time.

There are two possibilities. The first is that it will go across the prairie to Winnipeg, then south to Minnesota and other United States centres and possibly to Chicago. The second is that it will go to Winnipeg, then to Fort William, Port Arthur, Toronto, Montreal and possibly the city of Quebec, serving many Ontario and Quebec centres en route.

There have been two companies which have been active in preparing to pipe natural gas east from Alberta. One of them is Western Pipe Lines which was granted a charter in

the rush just before the election of 1949, before any of us except the Minister of Trade and Commerce understood what all this pipe line excitement was about. The other is Trans-Canada Pipe Lines Limited which was incorporated in 1951. The first of these companies, namely Western Pipe Lines, plans to follow the United States route, to Winnipeg and then down into the United States. The second one, namely Trans-Canada Pipe Lines Limited, plans to build the all-Canadian route. Both of them have spent several million dollars in making surveys of the respective routes, of the centres that will be served, and also in developing reserves of gas in the province of Alberta.

The applicants for this present charter now come along, and they have done practically no development work whatever. They have made no extensive surveys. They are trying to cash in on the efforts of these other companies. Their expenditures amount to $25,000. I asked that question in the committee on railways, canals and telegraph lines. Hon. members will find this at page 11 of the minutes of proceedings and evidence of the committee:

By Mr. Green:

Q. There is one other question I would like to ask you, Mr. MacTavish.

I may say that Mr. MacTavish is parliamentary agent of the applicants for this charter. The question continues:

How much money has been spent by the applicants to date in connection with this project? A. I think I can find that out for you immediately. I am instructed that about $25,000 has been spent.

They plan a very small pipe to Winnipeg, namely a 16-inch pipe, whereas Western Pipe Lines are planning a 24-inch pipe and Trans-Canada Pipe Lines Limited a 30-inch pipe. It was admitted, in effect, by Mr. Herring in the committee that all his people are trying to do is to get their toe in the door in Alberta; that is, to get a charter and get permission to put in this small pipe line and in that way get their toe in the door. In that way they would be in a preferred position because there is to be only one pipe line to the east.

Then in the committee they admitted that they plan eventually to pipe gas to the United States. At page 63 of the proceedings of the committee, in my examination of Mr. Herring, are to be found the following question and answer:

Q. Now, in this bill which you are sponsoring, which you are supporting, you are laying another plan to get Alberta gas down into the central states? A. That is correct.

They admit that they have no intention whatever of building to Ontario or Quebec. I would point out to hon. members that in section 6 of the bill we find that the applicants are asking power to build within the provinces of Alberta, Saskatchewan and Manitoba, or outside Canada. There is no mention whatever of Ontario or Quebec. We asked that question also in the committee of Mr. MacTavish. It will be found at page 7 of the proceedings. The question is:

Q. Mr. Chairman, arising out of the question just asked by Mr. McIvor,—

I am hoping that the hon. member for Fort William will follow my remarks tonight because I shall try to set him straight on the views he expressed the other night.

Mr. McIvor: Yes, Mr. Chairman, I am following the hon. member.

Mr. Green: The question continues:

—as I read the bill you are not asking any power to build a pipe line in the province of Ontario at all. Is that correct? You are only asking to build in Alberta, Saskatchewan and Manitoba or outside Canada, so that obviously, it is not the intention of this company to build a pipe line in the provinces of Ontario or Quebec. Is that correct? A. That is correct, sir.

Here I should like to refer to the statement made on Tuesday evening in this house by the hon. member for Fort William. It will be found at page 1930 of *Hansard*. He spoke in favour of this bill, if you please, and he said:

I object vigorously to any measure providing for a pipe line that will come to Winnipeg but will not come to Fort William and Port Arthur.

Of course the one way to prevent Fort William from getting gas is to have this present company given permission to go ahead. The hon. member continues:

I supported this bill—

Mr. Hodgson: It stops at Winnipeg.

Mr. McIvor: —because the amendment I moved was carried. The purpose of my amendment was to eliminate the words "outside Canada" . . .

I now turn to page 74 of the proceedings of the committee. It so happens that the hon. gentleman did not move an amendment to strike out the words "outside Canada". That amendment was moved by the hon. member for Calgary West and the hon. member for Fort William voted against it. That vote is recorded here at page 74 of the proceedings. I only hope that the hon. member's constituents in Fort William will get the facts a little bit straighter than he did. I would point out further that in a return tabled for the hon. member for Winnipeg North Centre, in answer to a question asking whether any cities had requested that the pipe line should be built through Canada, the information is given showing that some had, and they are listed as the township of Nipigon, the corporation of the city of Fort William and the city of Port Arthur.

I repeat, Mr. Chairman, that there will be only one gas line to the east. If the plans of this so-called Boundary Pipeline Corporation are approved, Ontario and Quebec will get no—and I repeat that word "no"—Canadian gas. They will have to go hat in hand to the United States for gas from Texas.

Now, let us examine that possibility. There has been a tremendous demand for Texas gas in all parts of the United States. Some of their largest cities are not yet served. I believe that Philadelphia is one such city. Under the United States law the federal power commission of that country is given jurisdiction to decide whether or not United States gas can be exported. I hold in my hand the United States natural gas act. In section 3 we find that the test which must be used by the federal power commission is whether the proposed exportation or importation will be consistent with the public interest. The test is the public interest. In practice that law has been interpreted in such a way that only surplus United States gas can be exported; that United States' needs must come first; that the gas which is being exported can be shut off if it is proved at any time that there are existing needs in the United States adjacent to the line; and I understand that no permits have been issued on any other basis.

I have here a judgment of the federal power commission in an application of Panhandle Eastern Pipe Line Company, which included an application for permission to export gas to Canada for the Union Gas Company of Ontario. We find this judgment on that application. It is dated August 31, 1951, and reads:

> It is obvious from the foregoing that, in view of the demonstrated requirements of customers within the United States and the present designed capacity of the Panhandle system (850,000 Mcf daily), no natural gas is available for exportation on a firm basis at this time. The record, therefore, shows that the proposed exportation will not be consistent with the public interest. The application in this docket will therefore be dismissed without prejudice.

They have been making similar rulings for some years. I have another ruling on an application by Panhandle, again for permission to export to Ontario, to the Union Company. This was in 1946, and was an application to export gas from the United States to Canada near the city of River Rouge, Michigan, to be sold and delivered to the Union Gas Company of Canada, Limited. Here is an extract from the judgment:

> No deliveries of natural gas shall be made to Union during the months of January, February, March, November and December, in any year during the term of this authorization.

Mind you, the application was for a very small amount of gas, 5½ billion cubic feet per year, apparently. The judgment goes on:

> Delivery of natural gas to Union shall be curtailed or interrupted whenever, and to the extent, required for the protection of deliveries of natural gas, either for immediate consumption or for storage, to any and all of applicant's customers in the United States. The authorization hereby granted shall not constitute ground or justification for any refusal by applicant to transport or sell natural gas to any person or municipality at any time during the term hereof, either for consumption in the United States by such person or municipality or for storage, or for resale for ultimate public consumption in the United States for domestic, commercial, industrial, or any other use, it being the intent of this authorization that at all times, persons and municipalities in the United States are to receive preferential service over that to Union;

Is it any wonder that the governments of Quebec and Ontario want Canadian gas? They have come out in favour of a gas line from Alberta through Canadian territory to their provinces. I have here statements from the minister of mines of Ontario, Mr. Gemmell. I am reading from the Vancouver *Province* of January 22 of this year:

> Hon. W. S. Gemmell, Ontario Minister of Mines, said at a press conference that "our policy is going to be to encourage a trans-Canada pipe line both as a source of fuel for Ontario and Quebec and as a national defence safeguard."
>
> "We see no other answer than an all-Canadian pipe line."
>
> Mr. Gemmell made it clear the Ontario government backed the principle of the pipe line but no individual company, although the Trans-Canada Pipe Line Company has made the only application to the board of transport commissioners to build the line east.
>
> Mr. Gemmell said Ontario backed a trans-Canada pipe line because of uncertainty of supply under the proposal to bring United States gas into Ontario. Such supplies would be subject to export permit rules of the United States federal power commission.

Again on March 6 of this year he said, as reported in the *Globe and Mail*:

> "We need natural gas in eastern Canada . . . Natural gas will replace hydro as our source of power in the years to come . . . We need a guaranteed supply of natural gas in northern and eastern Canada. I should like to underline that word "guaranteed."
>
> The view that gas could be brought more easily from Texas, Mr. Gemmell suggested, snagged on the word guaranteed. Already one application by an American firm had been turned down by the United States government, and another withdrawn because rejection had been indicated.
>
> "In view of the Washington attitude toward Canada's reciprocal agreement relative to the St. Lawrence seaway, the question is raised as to the dispatch with which the United States would consummate the proposed natural gas deal," he said. Further, no necessity exists whatever on Canada's part for a natural gas reciprocal agreement. An all-Canadian pipe line to serve Canadians awaits only government approval.

On March 29 the premier of Quebec said, according to the Montreal *Star*:

> Quebec was in favour of importing natural gas from Alberta rather than from Texas, he said, to

support Canadian industry. He said representatives of United States and Canadian pipe line construction firms had been in touch with him about the possibilities of exporting natural gas.

The premier said nothing had yet been decided as to whether pipe lines would be built or not into Quebec province. But he said, if natural gas is to be imported it will not be United States gas.

The premier said Quebec preferred to import the gas from Alberta because it was preferable to support a Canadian industry, not subject "to a foreign authority."

There is no question that Ontario and Quebec will need all the Canadian gas they can get from Alberta and all the gas that they can get in from the United States. They need both; but they simply must have Canadian gas. A line built through Canada means the spending of $250 million; it means jobs for Canadians; it means a guaranteed supply. The hon. member for Calgary West pointed out the other night that the plan of the applicants for this charter held no benefit whatever for Alberta, Saskatchewan and Manitoba. On the other hand, if we have a line built through Canada think of the benefit to Ontario. Just think of the benefit to Fort William, Port Arthur and all the points along the north shore of lake Superior, and down through central Ontario to Toronto, and right along lake Ontario and the St. Lawrence into Montreal, and possibly to Quebec city.

I do not see how anybody can favour any other route but a route through Canada. I hope that many members from those provinces will rise in their places and support us in this fight. I believe that if this plan, sponsored by the applicants for a charter under the name of Boundary Pipeline Corporation is approved, if they get the various consents to proceed with the installation of a pipe line to the east, then Ontario and Quebec will get no Canadian gas at all. I believe it is not in the best interests of this nation that this charter should be granted; and for that reason I propose to vote against the bill.

Mr. Cruickshank: Mr. Chairman, I had not expected to speak in this connection, but I am glad to note that my hon. friend from New Brunswick is insisting that I do so.

Mr. Riley: I hope you speak for an hour.

Mr. Cruickshank: The hon. member for Maple Creek, in a forty-two minute filibuster, has told us of what a great riding he has. I presume it is as great a district as he has said. He paid me the compliment—perhaps it was not due me—that last year I had led a filibuster in connection with an all-Canadian pipe line. Possibly I am not entitled to all that honour, because that discussion developed as a result of co-operation among a few of us from British Columbia.

Those of us who did lead the filibuster are proud of the fact; and we would like the hon. member for Maple Creek—which, I believe, is a small district in Saskatchewan—to know that we are proud of that filibuster. Already in British Columbia, in the municipalities of Richmond, Burnaby and other districts, contracts have been let to a value of $20 million or $30 million to expand the oil services in that province.

When I was home at Easter one of the greatest privileges tendered to me was that of having my picture taken. Like all politicians, even those who opposed the all-Canadian route, I like to have my picture taken. So it was not only a privilege but a pleasure to have that happen.

Near my farm is located the small station of Clayburn. Indeed, the siding is on my farm. I believe all members from British Columbia will know where it is. It was my good fortune to have my picture taken alongside two carloads of 24-inch steel pipe for the Trans Mountain Oil Pipe Line Company. The pipe was being unloaded at that siding.

We know that large contracts have been let for the expansion of refineries in British Columbia, although they are not located in my riding. But the fact remains that the main line goes right through the centre of Cruickshank's farm, and I got a real kick out of having that picture taken.

That pipe line goes through there because a few of us from British Columbia, despite the majority of members from that province, stated our position. I well recall that an agreement was made in my office, room 565 in this building, at seven-thirty in the evening, that those of us who had taken part in the so-called filibuster would withdraw our objection if it was agreed that the main line would be within Canada. I know those who supported me will agree with what I say in this connection.

I do not know whether all hon. members read the Ottawa *Citizen*, nor am I sure which party that newspaper supports. However, in its issue of Friday, May 9, there was an editorial with which I agree, and which I believe will receive approval of other hon. members, because it expresses the views of members from British Columbia. It is headed "Intelligent British Columbians" and refers to a Gallup poll. I do not find that any other province is mentioned. And though my father was born in Ontario, I must accept this statement in the Gallup poll which says that British Columbians are the most intelligent people in Canada.

Some hon. Members: Oh, oh.

Mr. Cruickshank: Well, it is right there in the editorial. That is what the latest Gallup poll says; it is not my statement.

Mr. Sinnott: The biggest insult to Canada.

Mr. Cruickshank: It is the Gallup poll that says that.

Mr. McIvor: The Gallup poll makes mistakes.

Mr. Cruickshank: It is not my statement, but that of the Gallup poll. And just to satisfy some of my colleagues who surround me, my colleagues from other provinces, let me say again that it was not my statement. However, judging from their stand in connection with an all-Canadian pipe line, when it was discussed at the last session, I doubt whether they would qualify. I do not have to take up the time of the house—

Mr. Riley: You can have ten minutes more.

Mr. Cruickshank: But I am sure my colleagues from Ontario and Quebec must be as interested in the development of their provinces and the economy of Canada as we were in the development of British Columbia. It will be noticed that I am not having as many interruptions from British Columbian or other western members as I had last year.

One of my colleagues from British Columbia says—

The Chairman: I would ask the hon. member to address the chair and, so far as possible, to speak to the bill.

Mr. Cruickshank: I am definitely interested in the bill, because we won last time, and we now have this development out there. We have even had gas granted by Alberta, as will be admitted by the acting leader of the Social Credit party. That gas is going to the town of Trail and, in spite of what was done by the member from Trail, it will cut their costs in half. That is what we are trying to do for eastern Canada.

Mr. Herridge: Pardon me, but did I hear you say, "In spite of the member for Trail"?

Mr. Cruickshank: Oh, I beg your pardon; I should have said Kimberley, which is a suburb of Trail. We know that Trans Mountain has now let contracts and is actually building an all-Canadian pipe line into British Columbia, a fact of which I am sure the hon. member for Vancouver South is proud. They have made the contract, and they are building it.

Mr. Byrne: I supported it.

Mr. Cruickshank: You did not. You supported nothing, so far as an all-Canadian route is concerned.

[Mr. Cruickshank.]

Mr. Byrne: I supported it by my speech in the house on the pipe line bill sponsored by the hon. member for Vancouver South, for an all-Canadian route for the oil pipe line—not one for the gas.

Mr. Cruickshank: Any support the hon. member for Kootenay East gave us was after we got the amendment through and not before. Gas is more important than oil to the town of Kimberley from which he comes.

An hon. Member: Oh, oh.

Mr. Cruickshank: The records will show what are the facts, and the people of your riding will read the records too. What we are trying to do—

An hon. Member: Talk it out.

Mr. Cruickshank: —is to ensure that this bill is not passed in order that the resources of Canada may be utilized for the benefit of the provinces of Ontario and Quebec and possibly the maritimes. We have no objection whatsoever to any surplus being exported to the United States as in the case of our pulp and anything else, but we believe that primarily our resources should be utilized within our own country. I have heard colleagues who sit not so far away from me advocate this very thing in connection with our great timber resources.

An hon. Member: Don't point at me.

Mr. Cruickshank: Let us utilize our resources first to build up industry, create employment and provide security for the great labour unions that some members fail to represent at times. Let us build up that security and then send any surplus to the United States, our best neighbour and our best friend in this world next to Great Britain. We believe these resources should be developed primarily for the purpose of building up Canada, with the surplus being exported. That is what we are saying now, and we are rather surprised that members from Ontario and Quebec and even from the maritimes apparently by their silence give approval to the bill when obviously if permission is granted by the province of Alberta and the board of transport commissioners the gas will be exported to the United States. I have only talked for eighteen minutes.

An hon. Member: And have not said anything.

Mr. Cruickshank: Maybe I have not said anything yet but my colleague is afraid to get up and say anything for or against.

An hon. Member: Let us have the Gallup poll.

Mr. Cruickshank: I had better refer to that again.

Some hon. Members: Order.

Mr. Cruickshank: Order my eye. Those who are speaking now are not courageous enough to speak on behalf of their own province.

Mr. Richard (Ottawa East): We do not need to have any lessons from the hon. member on anything else but what he is doing now.

Mr. Cruickshank: If I am out of order I withdraw. The leader of the opposition has come into the chamber, and I should like him to note the editorial in today's *Citizen*.

An hon. Member: He will not like it.

Mr. Cruickshank: This includes Carleton county as well. According to the latest Gallup poll—

Mr. MacDougall: He is not listening.

Mr. McIvor: May I ask the hon. member a question? I should like to ask the hon. member if he thinks the Gallup polls are perfect and never make a mistake?

Mr. Cruickshank: I do not think they are perfect. I have been asked a direct question, Mr. Chairman, and I would reply that the Gallup poll forecast that the Liberals would be elected at the last election and they were. That is as nearly perfect as they can be. I hope the hon. member for Carleton appreciates the stand taken by some of us from British Columbia. Perhaps I had better read the heading of the editorial again. It is headed, "Intelligent British Columbians". That is what we are. Some of us are naturally modest, but we got a pipe line with an all-Canadian route which is under construction today. The right of way is being cleared and the pipe is being unloaded on sidings in Canada in spite of those who wanted an all-American route, including some British Columbia members. Apparently some of us qualify for the wording of the headline in spite of those who want to build an all-American route. Their remarks fall right off my back. I used to shoot ducks in the Kootenays years ago before some people were born.

An hon. Member: You are not shooting ducks now.

An hon. Member: You are shooting an owl.

Mr. Cruickshank: Maybe I am shooting an owl but I shot it last year with the assistance of a few members, not including some of my colleagues. The result is that over 70 cars of steel pipe are being unloaded in the province of British Columbia to build an all-Canadian pipe line. It will result in $30 million to $40 million being spent on new refineries in spite of opposition. My friend is very brilliant in some ways but he pulled a boner that time when he bucked the province of British Columbia, western Canada, the economy of all Canada and the unions of Canada by trying to divert gas and oil to the United States before utilization to the fullest extent had been put into effect in Canada. I do not want to take up too much time.

An hon. Member: Oh, no.

Mr. Cruickshank: I have only spoken for some fifteen minutes and I have not read the articles I want to read. However, if this matter comes up at the next session I will read the remarks made on May 5, 1950, by no less an authority than the present Prime Minister of Canada, and I will also read what was said by the Minister of Trade and Commerce. No man in Canada knows more about industry and the development of Canada than the Minister of Trade and Commerce. I am going to take a great deal of pleasure next session in putting on the record what he said about the building up of Canada in spite of some of these minor obstacles from western Canada.

Section stands.

Progress reported.

Mr. Deputy Speaker: It being nine o'clock, and the hour devoted to private bills having expired, the house will resume the business under consideration at six o'clock.

WAYS AND MEANS

The house in committee of ways and means, Mr. Beaudoin in the chair.

INCOME TAX ACT

The Chairman: At six o'clock we were considering the first paragraph of the income tax resolution.

Mr. Thatcher: I should like to rise this evening for the main purpose of supporting the request made this afternoon by the hon. member for Rosetown-Biggar for an income tax exemption of $3,000 for married people and $1,500 for single persons. The crux of these resolutions which parliament is being asked to consider tonight is that income taxes in Canada this year will be higher than ever before in peacetime. In view of the cost of living I feel that it is the people in the lower brackets who are going to be mainly affected. I think the time has come for this parliament, and particularly the Minister of Finance and his parliamentary assistant, to realize that income taxes in Canada have reached the saturation point in peacetime. I think the rates which are proposed in this resolution are going to cause real hardship in this country. After all, you can ask a man to carry a 300-pound load across a room, but if you were to ask that man to carry the same load around a

city block you would break his back. That is just what this government is going to do as far as the taxpayers of Canada are concerned.

I believe income taxes in Canada are discouraging initiative. I know farmers in my riding who have come to me and said, "I am going to live in the city this winter. What is the use of my going out raising hogs, raising livestock, working hard throughout the winter, only to give the money to Mr. Abbott?" I know railroaders who have made perhaps twenty trips and then have said, "Thatcher, what is the use of my going out and making any more? I have to give it all to Mr. Abbott." I know businessmen who have said, "What is the use of my trying to go ahead any further? If I do make any more money I just have to give it to Mr. Abbott." So I repeat that in my opinion income taxation in Canada has reached the saturation point.

I was disappointed this afternoon when the chairman ruled that the hon. member for Greenwood could not propose savings. How on earth are we going to get the income tax down unless the government is interested in hearing some suggestions for savings. The hon. member for Greenwood was prepared to make such suggestions this afternoon. A few weeks ago I had the privilege of making a few suggestions. I must say those suggestions were received with some ridicule, perhaps a little contempt and certainly derision. No attempt was made by the minister to answer them in any way. The only one that was answered in the house was by the parliamentary assistant this afternoon. He answered one out of about fifteen which he thought might cause me political embarrassment. That was the only trouble he went to at all.

Mr. Sinclair: I wanted to be in order, so the one I answered was the only suggestion which was relevant to the actual item we were discussing. I would also draw attention to the fact that most of the hon. member's observations are not in order as far as this resolution is concerned. That was the reason the remarks of the hon. member for Greenwood in regard to savings were ruled out, not that he should not have the right at the proper time to make whatever observations he wishes on that matter.

Mr. Thatcher: I can only assume that this government is not interested in hearing about savings. Perhaps any savings we might suggest would not be reasonable; I do not know. But at least as opposition members we are trying to make a few suggestions, and it seems to me the least the parliamentary assistant should do is make some attempt to analyse them. Again I say that income taxes in this country are too high, and unless something is done in the next year to get them down we are going to run into trouble.

The Chairman: Has the discussion terminated on paragraph 1?

Some hon. Members: Agreed.

The Chairman: Paragraph 2.

Mr. Sinnott: I would like to say just a word.

The Chairman: I might inform the hon. member that paragraph 2 refers to paragraph 1. Therefore if he wants to make only a few remarks we will consider the discussion on paragraph 1 as having been terminated.

Some hon. Members: Agreed.

The Chairman: We are now on paragraph 2. The hon. member may proceed.

Mr. Sinnott: I was very pleased that the hon. member for Moose Jaw got up enough courage to make the fighting speech he has made. I think he is known as the parlour socialist of Saskatchewan; and those few words he said just now were said simply because of the Saskatchewan election in the near future.

Mr. Knowles: I would like to ask the parliamentary assistant a question with respect to the application of what is set out in paragraph 2. It is perhaps a technical question; if so, he may give me a technical answer. This proposes that for the year 1952 the rate shall be the average of the rates enacted by last year's budget and the rates being enacted now for 1953. I can see that it is a fairly easy matter to arrive at that average in certain of the brackets, because those brackets under the old scale correspond with the brackets under the new scale; but a point is reached where these brackets do not correspond. When that point is reached, how is the average arrived at?

Mr. Sinclair: The problem here is the problem we discussed earlier in the day, arising from the fact that today the great bulk of personal income tax is deducted at the source weekly, fortnightly or monthly. For the first six months of this year the law which is in effect until this amending bill is passed will require deductions at the 20 per cent surcharge rate. We hope we will have royal assent to this bill by June and on July 1, starting the second six months, these new rates will come into effect. So the result for the whole year will be the average arrived at by six months' application of the present 20 per cent surcharge and six months' application of the rates in this schedule. Next year, of course, providing there are no changes, the entire year will be at the rates

in this schedule, and the deductions will be made according to the tables which will be used by industry after July 1.

Mr. Knowles: I fully understand that, but apparently I did not make my point clear to the parliamentary assistant. If I do not get it across to him this time I shall not press it, at least not from the floor of the house. If he will look at part (m) of the previous paragraph he will note that it relates to an income bracket from $75,000 to $100,000. This does not affect anybody in Winnipeg North Centre. But if he will look at the brackets for the previous year he will see that there is no $75,000 to $100,000 bracket. How does a person affected by that situation arrive at the average?

Mr. Sinclair: I get the point now, the fact that the brackets in the old schedule and the brackets in the new schedule, quite aside from rates, do not correspond in all cases.

Mr. Knowles: That is it. They correspond in the lower brackets but there is a point above which they do not.

Mr. Sinclair: Perhaps the easiest way for me to answer that question would be to say that when the bill is brought down the minister will give the explanation with actual examples.

The Chairman: Paragraph 3.

Mr. Adamson: Dealing with paragraphs 3 and 4 together, there is quite a technical question which I discussed very briefly with the parliamentary assistant last night, but which I feel is of sufficient importance to deal with at a little length, because it affects a great many corporations in Ontario and Quebec. It has to do, of course, with the statement by the Minister of Finance in his budget address that taxation on corporations in Canada would not be increased by the present proposals. That does not agree with submissions which have been made to me. I must admit, Mr. Chairman, that I have worked on them at some length today, and they are still a little involved to me. I have tried to put down the questions as concisely and clearly as I could and I shall endeavour, by following the notes I have made, to present the case to the parliamentary assistant. While I realize that the Minister of Finance at least had no intention of increasing corporation taxes I am sure that, in fact, corporation taxes have been increased because of the provincial tax structure in the provinces of Ontario and Quebec.

I believe that the minister's statement that sections 3 and 4 would not raise the tax on mining corporations is open to question. Assuming that a province levied a 5 per cent tax similar to the federal tax they gave up, the result would be the same. But in Ontario the levy of 7 per cent does not affect taxable dividends, and therefore the Canadian income tax on such dividends is increased by 4·4 per cent. The royalty or mine profits tax assessed by the provinces of Ontario and Quebec is allowed as a deduction from income in calculating federal income tax. There are two taxes in both provinces, the corporation tax and the royalty tax mentioned above. The provincial authorities recognize that there would be an inequity if both levies were treated separately, and therefore the income subject to royalty is deducted from taxable income under the Ontario and Quebec corporation tax acts.

To correct the situation a change would be required in the federal income tax regulations to permit mining companies in Ontario and Quebec to deduct mines profits tax or royalty from the federal income tax rather than from earnings. Otherwise, the federal income tax is raised by an amount up to a maximum of 5 per cent. The minister has stated that there will be no net increase in the taxes paid by corporations owing to this administrative change. However, if the Canadian income tax is amended as indicated in the resolution, this statement would be far from correct for the following reasons:

(1) To utilize this method of equalizing the income tax as between the provinces and the government of Canada, the basis of taxation in all jurisdictions would have to be the same or at least comparatively so.

(2) For example, Ontario does not tax dividends received by one company from another, in accordance with section 14 (4) (e), Ontario corporation tax act. This is a common practice in many mining companies because they finance other mines and are, in part, holding companies. In the year ended March 31, 1952, one mine received $963,000 in dividends from United States corporations. This income is not taxed under the Ontario corporation tax act. The effect of section 4 of the resolution therefore would be to tax this income an additional 5 per cent under the Canadian Income Tax Act or another $48,000 per annum, although the minister has stated that there would be no increase in net taxation.

(3) We should determine also what the status of mining companies will be. The tax paid on mining profits under the Ontario mining tax act is deductible as an expense under the Canadian Income Tax Act. The profit is likewise deducted from taxable

income as determined under the Ontario corporation tax act. Is this tax now to be considered as an income tax payable to the province of Ontario? For, if so, the mine would gain in having the tax now allowed as a deduction from federal income tax. However, if it is not considered an income tax, then the mine profits as determined under the Canadian Income Tax Act would be subject to a further 5 per cent rate increase.

(4) Under the Quebec corporation tax act a mining company which pays a tax under division 3 of the Quebec mining act is exempt from Quebec corporation tax on all its income. The same question arises as to whether the mining tax would be considered an income tax, but such a company pays no tax to the province of Quebec on its revenue derived from other than mining operations. Under the amendment as proposed, all of this income would now be subject to an additional 5 per cent rate under the Canadian Income Tax Act.

Now, Mr. Chairman, this affects a number of corporations which have other income. I hardly think there is a major mining company that does not have income from other investments. Under the present proposals in sections 3 and 4, apparently this income is subject to increased taxation federally notwithstanding the provisions of the Ontario and Quebec mining tax acts. This income, while not considered taxable under the Quebec and Ontario laws, is considered taxable at an extra rate of 5 per cent separate from the earnings of the mines. I have tried to present the situation as clearly as I can. It is quite involved through these two regulations which, in effect, mean that these corporations will become liable for an extra tax which may be as great as 5 per cent. I bring this to the attention of the committee, Mr. Chairman, because I believe it is something that is of importance to the administration of the act.

Mr. Sinclair: I am very grateful to the hon. member for letting me look at his file of letters last night, so I had an opportunity of doing a little study on this matter. As he very properly pointed out, paragraphs 3 and 4 of the resolution are very clear as applied to ordinary industrial corporations. There are, however, one or two groups of industries which, both federally and provincially, receive different treatment so far as taxes are concerned from ordinary industrial operations. One of those groups is the mining industry, for the reason that it is operating on a wasting asset and in a highly speculative field. This industry, both federally and provincially, receives special provisions not accorded to other industries, other than oil in Alberta and other oil provinces. Because of that, there is a problem, which the member has outlined, that the ordinary corporation tax in provinces is not applied to these mines. The question arises as to just how these special rates will be recognized under these two items. As soon as the budget speech was made and the resolutions were brought forward, the mining industry of course recognized this point and have made representations to the department on this subject. The minister has told them that when the regulations for the new act are being drafted a sympathetic attitude will be taken so as to draft the regulations to fit these cases which were regarded as peculiar both in the federal taxation field and in the provincial taxation field.

I am grateful to the hon. member for putting the details on *Hansard*. Perhaps he might also supply the officials of the Department of Finance with further details, in anticipation of debate on the bill.

Mr. Adamson: I will.

Mr. Sinclair: Then, when the minister is piloting the bill through, at this point in the bill he will be able to say what has been done with regard to this problem which the hon. member has rightly raised.

Mr. Adamson: I shall be only too pleased to do as the parliamentary assistant suggests.

Mr. Macdonnell (Greenwood): I wish to say just a word about this matter of corporation taxation in general. First of all, I want to say just a word to echo the warning given by the hon. member for Moose Jaw, because I sometimes feel that those who are in charge of our financial affairs get so accustomed to dealing with hundreds of millions and billions that they become a little bit dazzled by those large figures and find it difficult to get down to the level of those who do not deal in them. I read that the minister a day or two ago was moved to express most optimistic views, and I hope his views are correct. He says that he is an optimist by nature; he says that we are in a period of expansion, and that nothing can stop us unless there is another war and the world goes to pot.

I love an optimist. The only thing I should like to say in connection with that matter is that I hope our expansion will not be so largely based on inflation as it has been in the last few years, because that has not worked out to the advantage of everyone. A great many people in this country, without knowing just what is happening, are experiencing in their own lives the fact that inflation makes the rich richer and the poor poorer.

I want to say a word about the corporation tax in particular. The minister has very

piously, and I am sure very sincerely, said during the last two years that he became troubled as soon as the corporation tax got above 50 per cent. The trouble is, however, that he does not do anything about it. I think there is a Sunday School story to the effect that a teacher asked the children to define repentance, and one said that repentance means being sorry, but the next one said: No, it means being sorry enough to quit. I think it is right that the minister is sorry. He has told us that he is and we take his word. But we want something much more than that before it will do any good.

We expect to raise—as we did last year and no doubt will again—a fabulous amount from the taxation of corporations. I think it is some $1,200 million that we expect to raise. Of course we must remember that that is only the beginning. A large percentage—no doubt some of the gentlemen I see before me could give us the percentage; I cannot at the moment—of the personal income tax will represent income received from the corporations, so that in fact you get a double harvest. I am not objecting to that fact either. I am only pointing out the tremendous importance to our whole fabric—and particularly to the tax collecting fabric—of the welfare of corporations.

Last year, with the increased taxation the facts are—and no doubt they have been carefully pondered—that most corporations during the year, notwithstanding an increase in their operating income, were taxed so heavily that their income was actually less. In a good many cases, on the other hand, the increase in income was enough to pay the taxes and leave them something extra. I think every sensible person is troubled by, or at any rate takes a serious view of, the position of corporations at the present time. Along with the expansive views of the Minister of Finance, there are some indications that not everybody is booming ahead. It therefore seems to me to be a great pity that the minister was not able to do something about this matter, that he had to take out his repentance just in being sorry and not in being sorry enough to quit.

I do not know that there is anything that I care to add at the moment except that I feel—and I wish to stress the fear that I have in my mind—that, being dazzled by large figures of expansion, of large investments much of which is from money which comes from outside the country, the taxing authorities, the Department of Finance and the government, do not give sufficient weight to the burden which is being placed on the back of the individual and which the hon. member for Moose Jaw described so well.

The Chairman: Shall we take up paragraph 5?

Mr. Knowles: Mr. Chairman, I should like to say a word or two with respect to the corporation tax. Perhaps I might put it in the form of a question to the parliamentary assistant. I hope he will not mind if, having asked my question, I comment on it before I sit down and let him comment on it. My question is this. Why is it that the personal income tax is graduated progressively and rather steeply whereas the corporation income tax is really not a graduated tax? I admit that there is a one-stage graduation in that the rates proposed in paragraph 3 now before us are 20 per cent on the first $10,000 of taxable income and 50 per cent on all income in excess of $10,000. In view of the fact that there is only that one stage, I think I am correct in saying that the corporation tax is, to all intents and purposes, a flat tax as opposed to the principle of graduation that is applied in the personal income tax.

One of the reasons that I am interested in this matter is this. Like other hon. members, I do some reading in these matters from time to time in order to try to find out what is behind taxation principles. I find that it is a subject of study on the part of some economists as to whether or not the personal income tax and the corporation tax should follow these divergent patterns or whether they should be integrated. Among economists there is, of course, a difference of opinion on the point. I am impressed, however, by the point that some writers make to the effect that when you have such a wide spread between the rates charged under the personal income tax on the higher brackets and the highest rate charged on the corporation tax, you thereby induce wealthy people to leave in the assets of the corporation what otherwise might be some of their personal gains.

The result is that part of what they have gained is, in effect, subject to a lower rate of tax than it would be if they took it out in personal income. Another result that follows is an increase in economic power on the part of those who are in a position to leave some of their wealth in corporations in that way. I could go on. As a matter of fact, the works that I have looked at are quite extensive. One can read and think about these things for hours on end. However, I have asked my question and I have expressed my opinion. I should be glad to hear from the parliamentary assistant as to why the one tax is graduated and the other is flat.

Mr. Sinclair: The hon. member has raised an interesting question which is quite often

raised by people who look at our two direct tax schedules and wonder why the difference. As he says, we could conduct a long discussion on the matter—and I hope we shall not do so—but I can quite easily summarize it by saying this. In the case of the individual, the individual with a small income is a poor man. The individual with a large income is a rich man. The income is for his own use, and so on it we have this very steeply progressive rate of personal income tax. When we come over to the corporation tax field, however, we are not dealing with persons; we are dealing with a legal person so far as the law is concerned, but so far as life is concerned, we are dealing with assets that are held and owned by a group of individuals.

Mr. Knowles: Sometimes referred to as soulless corporations.

Mr. Sinclair: Sometimes referred to as soulless corporations or soulless individuals. In general the small corporation is owned by the little man. That is why we do have this measure of progression which was introduced two or three years ago into the tax schedule for the first time to give a lower rate of tax on the first $10,000 of profit made by the corporation. The point was that a corporation smaller than that will enjoy the full value of the 20 per cent rate instead of the 50 per cent rate which is paid on profits in excess. To avoid a rich man owning a great number of these little companies and getting all the profits to himself and so actually getting the benefit of a low rate of corporation tax in the end result, we have of course the income tax provision against closely related companies getting this special rate of taxation on every one. Only one of a group of closely related companies can get it.

When we turn to the big companies, however—first of all, the actual size of the profit as such is no indication whatsoever of the wealth of the company. One company may make a million dollars profit and be extraordinarily successful during that year because the capital involved in this operation is small. Another company may make a million dollars profit; for example, we will say that the C.P.R. in its year's operations made a million dollars net profit. It certainly would not have made a high rate of return on the very large investment which is in the C.P.R., instead an extremely low rate of return. That is the first point. The second point is the ownership of the company as far as the incomes of the shareholders are concerned. It may well be that the smaller company with a small profit is owned by three or four individuals alone, so when the profit comes back to them they have large amounts of individual income; whereas the company with the big profit may well be owned widely so the individual shareholders get only small amounts as dividends. The big companies, utilities especially, are very widely owned by great numbers of shareholders, many of whom have very modest means, and so the application of a violently progressive tax on corporations in the same way as we have on individuals would inflict undue burdens on them. However, we do compensate for that by the very point which was just raised by the hon. member for Greenwood, in that when these profits are paid out as dividends, after having paid corporation taxes, and then find themselves in the hands of people as dividends they are taxed again. And after all to get advantage from it people have to spend money. Companies as such do not get any personable pleasure out of spending money on themselves. It is when the dividends are paid out to individuals that the advantage of having money becomes apparent.

On these dividends we have the application of the progressive rate of income tax which we have just covered in the first two paragraphs of the resolution. In closing may I refer to the fact that it has been suggested that the lack of progression in the corporation rate may encourage payment out of profits which should properly be held for the companies' development. That is not actually borne out because—

Mr. Knowles: I think I said it would induce the very opposite—

Mr. Sinclair: The other way round.

Mr. Knowles: Yes.

Mr. Sinclair: This example stuck in my mind when I was home the last time, because the annual report of one of the largest British Columbia's timber operations had just been released. They made a profit of $31 million, a very substantial profit. Well, the first thing that they did was to pay $16 million corporation tax, so the people of Canada generally got the major share of these profits. That was to the government here, the federal government, because British Columbia is an agreeing province, and so we collected all the corporation taxes. That left them with $15 million net profit. Of that $15 million profit only $3 million was paid out to the shareholders as dividends, the remaining $12 million was plowed back into expansion of the plant, a most desirable thing. Of the $3 million which was paid out as dividends a large part went to the principal shareholder, a very wealthy man, who pays a very high rate of income tax. His share of these net company profits was then of

course subject to the high marginal rates of personal income tax at the bottom of the last resolution. On the other hand that same company has quite wide ownership by actual employees who work in the mills of the company, a share here and a share there. When their share of the $3 million was paid to them, it too was subject to personal income tax, but as they were little people on comparatively small incomes, it would come under the low rates at the beginning of the schedule, because that is the income tax bracket in which the individual of lower income would find himself.

The one other thing we do is to give some relief to this double taxation which results from corporation tax on profits and income tax on dividends. That relief was given by the amendment of two or three years ago. We give a tax credit of 10 per cent of the dividends received from Canadian corporations.

Mr. Adamson: It must not be forgotten that corporations are merely groups of people. We are apt to forget that corporations are after all just people, and only people pay taxes.

The Chairman: Shall we now take up paragraph No. 5?

Mr. Knowles: With reference to paragraph No. 5, Mr. Chairman, we are back to a discussion which the parliamentary assistant initiated during the general debate this afternoon, and which we later agreed to defer until we reached paragraph 5. I shall not re-open the discussion on procedure with respect to private members' motions, into which we were getting involved when you, sir, stopped us this afternoon.

I shall deal rather with the disappointment that many people in this country felt over the failure of the government to remove the four per cent floor under medical expenses, and I shall also try to deal with the substance of our plea in the hope that we can yet persuade the government that action should be taken at this session.

I indicated yesterday that this was one point where I wished we could have the minister with us, and that is in no sense a reflection on the parliamentary assistant. He demonstrated yesterday and today, whether we agree with him or not, that he is well acquainted with the subjects involved in the handling of these resolutions, and he also knows all the arguments on the government's side. The difficulty is that even if I might, to my satisfaction, and even to his, persuade him that a change should be made he, not being the responsible minister, has no alternative but to stand pat. However, since the minister is not here we shall have to make our arguments with the parliamentary assistant and hope that we can wear him down so that he will in turn try to wear down the minister.

The main argument that on other occasions the minister and the parliamentary assistant have put forward for retaining the four per cent floor is the contention that that represents the national average spent on medical bills. I think he will agree with me—

Mr. Sinclair: Medical, dental, nursing, hospital and drugs.

Mr. Knowles: Yes, all these items that come under that general definition. I think he will agree with me that that is stating his side of the case fairly. He argues that everyone spends on the average that much, and if you give an allowance for that amount you will have to make it up by raising the rate or by collecting it in some other way. As I see it, the fallacy in that argument is that there is no such thing as an average man. The average person is a statistical phenomenon that does not really exist per se. In other words, averages are deceiving. Four per cent may be the average that is spent on these various medical items, but every individual pays a different amount and a different percentage of his income. Many people in the course of the year are fortunate enough to have no medical expenses. Others may spend one or two per cent. Some will be somewhere around the average of four per cent. Then, there will be others who are away above the average.

As I see it, the aim of taxation relief in respect of medical expenses should be to assist, in so far as taxation relief can, in ironing out some of that spread. I firmly believe that there are better ways to do it. The parliamentary assistant probably agrees with me—but I am not asking for his comment just now—that a program of health insurance would be more desirable. However, at the moment we are dealing with this matter at the income tax level.

My contention, which I believe is well taken, is that to use an argument in respect of averages is to use an argument that is fallacious. What you have to do is to deal with an actual fact, that people's medical costs vary from nothing up to quite huge sums of money. So it follows that if you do grant medical expenses right from the first dollar up to whatever ceiling the government chooses to impose, as deductible for medical expenses, you do not thereby give a tax saving that is the same to everybody, whereupon you must collect that same amount from everybody, so that in the end

your position is not changed. That is not what happens. Rather you give tax relief to those whose expenses have been in the higher reaches rather than to those who have been in the lower reaches, or who have had no medical expenses at all. And any loss to the treasury as a result of that relief which you have given in proportion to the medical expenses people have incurred is then made up on an across-the-board basis.

That is where I think the government needs to rethink this whole position through once again. I know that it was on the basis of unusual medical expenses that this deduction was first allowed when it was brought in by Mr. Ilsley in 1943. And when he changed the floor from five per cent to four per cent in 1944 he still based the whole idea upon the concept of unusual medical expenses, with reference to what he regarded as expenses above the national average.

I submit it is just possible that the finance department has been thinking in terms of that average concept for so many years that it has not stood off and taken a look at the problem in the different terms I am trying to portray now. I feel the point I am making is basic. I feel it meets the fundamental argument the minister and the parliamentary assistant have put forward, and I urge most strongly that consideration be given to changing the income tax bill based upon this resolution, even at this very session. I submit, as I have said on two or three occasions previously, that in asking that that be done I have a very good precedent. The precedent relates to this very question of the deductibility of medical expenses.

The parliamentary assistant knows this story very well now, namely that in 1944, at this very stage of debate, in committee of ways and means on the budget resolutions, we pleaded with Mr. Ilsley to drop the floor, which was then at five per cent, down to two or three per cent. It was a new idea, that the floor should be dropped. That idea originated on the floor of the house, mainly from the opposition side, but also with support from the government side as well.

Despite the fact that no such proposal had been forecast in the budget speech or in the budget resolutions, as a result of the discussion which took place at this stage of the debate Mr. Ilsley, when he brought in his Income War Tax Act amending bill, reduced the floor from five per cent to four per cent. It was not all that hon. members had asked, but at least it was something that had not been forecast in the original budget speech.

In this instance we will forget what happened on March 26, because every time we talk about it we get into an argument. Most of us recall the vote that took place that day. Then, since that time there has been another vote—the vote on our subamendment. It went the other way. That vote expressed confidence in the government, despite the fact that it had not removed the four per cent floor.

A year ago the house voted against the deductibility of trade union dues, and then the government turned around and brought it in. Probably we can have that precedent followed too. We have had a vote against this proposal a short time ago, so now the government could bring it in. I submit the government's confidence has been endorsed by the majority of the house; but, meantime, this whole question has been threshed out considerably, and a good deal of feeling has been expressed with respect to it. Indeed, some members who support the government, speaking in the budget debate did express the hope, despite their position on the subamendment before the house, that the government would yet give consideration to the removal of the four per cent floor.

I dare to hope that there will be other members now who will join in this plea, and that the government will give consideration to it. I am refraining deliberately from saying too much about how we felt concerning the failure of the minister to meet our expectations in that regard. Rather, I am putting it to the government now on a straight basis of the justice of our plea.

Another of the arguments the parliamentary assistant used against this change—although perhaps he will interject by saying that it was just a point he was making—was its cost. He pointed out that it would cost, in his view, $48 million; but he did not say that that was the sole reason for objecting to it. That estimated cost of $48 million was the subject of correspondence to which the parliamentary assistant referred this afternoon, and which I was beginning to deal with when we agreed to defer the discussion until we reached this item.

As both of us agreed, we have given copies of our letters to the others involved in this correspondence, so all of us have the whole story. The parliamentary assistant, in reply to the gentleman over in Hull who started this correspondence, emphasized his point that to remove the four per cent floor was to remove from the taxation base four per cent of the taxable income. The gentleman who started this correspondence sought to make the point that there would not be a loss of four per cent of the total take of income tax, but only a loss of a percentage on a percentage.

I will agree that the parliamentary assistant made a good point when he made it clear that the four per cent has to be considered in terms of the amount of taxable income that it removes from the taxation base.

Mr. Sinclair: And also where it is removed from.

Mr. Knowles: Yes; the parliamentary assistant dealt with that quite fully in the letter he wrote on April 30 to the gentleman on the other side of the river. In that letter, a copy of which I have because the parliamentary assistant was good enough to send it to me, he gave four examples of taxpayers in different income brackets. The point he sought to make by giving these different examples was that the loss to the treasury in every case would be determined by the rate applicable to the top bracket in which the taxpayer is located when he claims this extra 4 per cent. Having made a case that is strong to his satisfaction at any rate, and having pointed out that in some cases the reduction in tax payable is much higher than 4 per cent, he then goes on to point out that the rate of reduction declines as the income increases but that it will never decline below 4 per cent because the amount is based on net income, not taxable income. I merely want to say, so that we can have this all on the record, that in my last reply to the gentleman across the river I said in part:

There may be something to his point—

I was referring to the parliamentary assistant.

—that the 4 per cent relates to net income rather than taxable income; but by drawing attention to this aspect of the matter Mr. Sinclair has only emphasized the fact that the 4 per cent floor is very unfair. Indeed, the point that one has to reach before he can deduct medical expenses is not just 4 per cent of his taxable income, but 4 per cent of what in most cases amounts to his total income. In other words, it is extremely difficult for the average person to get any advantage out of this supposed right.

As I see it, the major fallacy in Mr. Sinclair's argument is one that I drew attention to—off the cuff, as it were—as recorded in column 1 on page 1541 of *Hansard* for April 23. Even if Mr. Sinclair can assert that 4 per cent of total income is the average amount spent on medical expenses, surely he should know how deceiving averages can be. A great many people, even if the 4 per cent floor were removed, would still not claim a reduction in their taxable income by 4 per cent, so that I am satisfied that the alleged loss of revenue to the treasury would be considerably less than the $48 million indicated by Mr. Sinclair.

The point I wish to make is that the parliamentary assistant went to great trouble to show that the rate of reduction in the individual's income tax payment would vary from a high point down but that it would never get below 4 per cent. May I remind him that the amount of income tax deductibility that persons would claim starts from zero and never gets over 4 per cent. That is the reason I suggest that the parliamentary assistant is wrong in assuming that to wipe out the 4 per cent floor would automatically take 4 per cent of the taxable income out of the taxation base and cost the treasury 4 per cent of what it otherwise would receive from the personal income tax.

Four per cent is the most of one's taxable income that could ever come into that calculation. In most cases it would be less than that; in some cases it would be none at all. I am not going to pursue that further. I tried to do it, as I say, a bit off the cuff on April 23 when the point was first raised in the house, but I suggest that to remove the 4 per cent floor really would not cost the $48 million that the parliamentary assistant suggested. But even if it did I come back to my previous argument that in terms of justice and fairness—no matter what it would cost—a civilized community should make an effort to iron out if we can the incidence of medical costs. On that basis it is only fair to grant to people their medical expenses as deductible from income tax right from the first dollar.

I emphasize again the fact that the kind of argument the parliamentary assistant has used about the national average is not applied to charitable donations. The argument might just as well be made there. It might be said that average donations of Canadians to charities of one sort and another are a certain percentage, and therefore we will not exempt charitable donations for income tax purposes until they get above that particular percentage. That argument is not applied there. Why apply it to medical expenses? So much for that phase of the matter. I press it as strongly as I can, and I hope that even yet the change will be made at this session of parliament for I am sure that the people of Canada feel now more than ever the justice of our claim that the floor should be wiped out.

The resolution before us proposes two or three changes concerning which I should like to get clarification. It proposes that the ceiling shall be raised. At the present time it is $750 for a single person and $1,000 for a married person. These figures are to be raised to $1,500 and $2,000. In addition, the present law provides for $250 for each dependent with a maximum of $1,000. In other words, you could not charge for more than four dependents. The proposal seems to be to raise that to $500. However I gather from what is said in the resolution before

us that the over-all ceiling of $2,000 which obtains in the act at the present time will still hold. I am not commenting on it. I am merely asking for clarification.

I am glad, however, to see the slight increase in the ceiling that is being effected by the resolution. Indeed, when we were debating this whole matter on March 26 the parliamentary assistant will remember that we got it straight between us that neither of us wants to see the ceiling abolished. The reasons for that were put on the record by the parliamentary assistant. However there is room for raising it, and I am glad to see that it has been done to this extent. I must point out, however, that this is more help to people who have money that they can spend on medical expenses than it is to the little fellow who just has the bills but does not have enough to get into the appropriate bracket.

I have one other question. In the latter part of the resolution before us it is suggested that another change be made, namely, that it will no longer be necessary for medical expenses to be both incurred and paid within the twelve month period. That is the way the law now reads. Expenses to be deductible have to be both incurred and paid during the twelve month period within the taxation year.

Mr. Sinclair: That is the old law.

Mr. Knowles: Yes. Under the new proposal it will not matter when the expenses were incurred. I should like to know whether that is of any assistance to a person who has a big bill that he cannot pay all in one year. If he gets a big bill in 1952, shall we say, can he pay part of it in 1952, then part of it in 1953, and claim the whole of it in 1953?

Mr. Sinclair: No.

Mr. Knowles: Or must the actual paying be done within a twelve month period? I see the parliamentary assistant nodding his head. If that is the case it is some help, but not a great deal. To take the problem I presented on March 26 when this matter was before us, the plight of the person who has a heavy medical bill he cannot pay off within one twelve month period is serious. If he has to pay it in two periods, in neither of those periods does he reach 4 per cent of his income, so though he has had heavy medical expenses he gains no benefit. The same is true of the allowance for cortisone, insulin and these other new drugs. That is a fine gesture supposed to help a great many people who have heavy medical bills; but it is not sufficient to get them over that 4 per cent floor, so they are denied the alleged benefit of this proposal.

This may be one of the little things; the number of dollars involved is not great, but there is a principle here which is pretty important. I hope even yet the government will accede to the wish of parliament and the wish of the people of Canada as a whole and remove this 4 per cent floor.

Mr. Fair: There is another matter in connection with medical expenses which I have not heard discussed here so far. Take the case of a person in a district without a local hospital, or a person in a local hospital district who has something the matter with him that cannot be successfully treated at that hospital. He goes to Edmonton or Saskatoon; but because the hospitals there are not able to take care of all those who need attention, the patient has to pay hotel expenses in addition to his train fare while waiting to get into the hospital. I have had some letters in reference to this, and I wonder if the department would not also consider that as a medical expense.

Mr. Adamson: If I might ask the parliamentary assistant one question, I think it would be interesting to know what percentage of the taxpayers made claims for medical expenses in the last taxation year. I do not think that figure has been given.

Mr. Sinclair: It would be a very difficult figure to give; but on page 112 of the taxation statistics of Canada is a breakdown of deductions and the amount claimed in each and every group, with the total amounts claimed. The total amount of income claimed was $31 million. That is according to the most recent statistics to be put out.

While I am on my feet I might answer the other questions which have been raised. I do not intend to again go over the ground which was gone over first of all when we had the debate on the hon. member's resolution, when the minister and I discussed the matter. Actually we first had a discussion of medical expenses in the budget debate. After the debate in the house the matter was again reviewed in the light of the observations then made. Then in his budget speech the minister gave the decision he had reached. After that, of course, we had the vote on the want of confidence motion moved by the C.C.F. party. Now we have the resolution which, as the hon. member said, I am piloting. Finally, when the bill is before the house, the minister himself will pilot it through.

As far as the actual calculation goes, I tried to make it clear in the speeches I made that the actual amount of revenue concerned was

a minor point, though as far as principles are concerned the business of giving any broad exemption which would apply to all groups of taxpayers in the end had the result that this lost revenue had to be recouped in some other way by a tax which had its incidence on the same broad group of taxpayers. The hon. member mentioned the very interesting correspondence we had with this gentleman in Hull who took an interest in this matter. I was out in making the rather hasty estimate I gave in the house. I corrected my first error when the hon. member for Hamilton West was speaking. That was the fact that I had not allowed in that the part already claimed, the part just referred to by the hon. member for York West, the part over the average which had been claimed, the $30 million in some $6 billion of income. However, on receiving this letter I settled down to break it down. As hon. members know, I have no legal training, but I did have pretty extensive training in mathematics. I have done a great deal of work, for example, on this very interesting mathematical problem of averages and the weighting which should be given to averages. The thing here, of course, which makes this problem out of proportion as far as ordinary averaging is concerned is that the deduction is not taken off at the average rate of tax paid, but off the very top limit. In working out the four examples I gave, I showed that the actual incidence of this tax is very much higher than 4 per cent, so the loss of revenue being compensated for, the excess already claimed would be that.

The officials of the department thereupon became interested in the problem and did the job which I suggested to the correspondent and to the hon. member, the real job of breaking down every tax category, examining the rate of taxation on that, and then aggregating the sum. Again this is based on the premise that 4 per cent is the national average. The original figures supplied by national health and welfare indicate that this is less than the national average, which improves the argument. The hon. member says, of course, that there will be some individuals who do not claim 4 per cent, who may claim only 2 per cent. If 4 per cent is the national average, that means there are other individuals who are claiming 6 per cent, and in any tax category that will average out.

Mr. Knowles: But they are now getting the portion above 4 per cent.

Mr. Sinclair: That is the compensation to which I referred. This is a very lengthy table; I do not propose to put it on *Hansard*, but it is certainly an accurate substantiation of the figures I supplied.

Mr. Knowles: Could I see it?

Mr. Sinclair: I shall be glad to send it to the hon. member. This also does not compensate for the excess percentage claimed, that $30 million not of tax but of income.

The next point was the meaning of the resolution as regards the maximum deduction which can be claimed by a husband, wife and family. That was $2,000. It is now $4,000, $2,000 for the couple and then the four dependents at $500 each. The hon. member rightly pointed out that an improvement has been made by allowing the exemption to be claimed not just as it was in the old act, in the twelve months which need not be a year but which might spell two taxation years, but in the twelve months in which the sickness occurred and the bills were paid. The special case which this legislation covers, of course, is the case of unusually heavy medical expenses. It may well be that the individual cannot pay off the heavy bill he has incurred in the one year. Under the old legislation he could not claim in the next year; under this he can. It is an advantage, too, in the case of a man who has an illness to such a degree that his expenses are more than even the present deduction, because if he then spreads it over two years he comes within the ceiling in those two years.

The last point, in regard to transportation, was raised last year and given consideration again this year. Again this is a matter which would be extremely hard to administer, because transportation would range all the way from the taxicab or even the streetcar by which some people go to hospital to the ambulance, the train and the plane by which others go. Last year we had quite a discussion on that point with the hon. member for Macleod, I think it was. The government gave consideration to including transportation as a medical expense, and decided that it could not be done at this time.

Mr. Macdonnell (Greenwood): I want to add just one word to what I said this afternoon on this subject. I was bold enough to suggest that the people of this country do believe that suggestions made by their representatives in parliament are perhaps entitled to a little more weight than just any other representations. The parliamentary assistant rather just swept me out with the dust with the remark, as affecting as it was unexpected, that he did not wish to have his views considered more than those of any other person in Canada, if I understood him correctly.

Mr. Sinclair: On tax matters affecting the individual citizen.

Mr. Macdonnell (Greenwood): That struck me as very unconvincing. I would, as a matter of fact, rate him higher than that.

I am not going to labour this point. I am just going to say that it is high-minded and quite unselfish for us to raise the point at all. Much the best thing for us to do is to leave it where it is, because I think the public is irritated by what was done. It is only because of our very high sense of duty that we urge the government to do something about it, in their own interest. I think that in this case the public feels that the government has disregarded parliament as if it were nothing.

The Chairman: Paragraph 6?

Mr. Macdonnell (Greenwood): I should like to say a word on this paragraph. I welcome this measure, and I should like to ask a question with regard to municipal taxation. Can the parliamentary assistant tell us whether there is any principle, and also what the practice is, with regard to the payment of municipal taxation by crown corporations?

Mr. Sinclair: That was covered in the statement made by the minister some years ago when the federal government, as such, first began to pay grants in lieu of municipal taxes to municipalities other than Ottawa. For many years, because of special circumstances, Ottawa was paid a grant. Again it is a matter of a national average. It was estimated that across Canada the average federal holding of property in the various municipalities was 4 per cent. Those municipalities which had an unusual concentration of federal property, which is of course exempt from tax, were given relief through the payment of grants based on three-quarters of the tax above that national average. However, that just covered the departments of government and the agency corporations. These corporations, the proprietary corporations, which are—

Mr. Macdonnell (Greenwood): Were they excluded?

Mr. Sinclair: They are definitely excluded from the original Abbott formula. At that time he said that since those were, to all intents and purposes, commercial businesses it would be up to them to make their own arrangements with the various municipalities. So far as I know, that has been done. I can get a report as to the extent to which this has been carried out. I know that most of them have now completed such arrangements, and I know that such arrangements go a little beyond the list here of proprietary corporations.

There are some agencies of the federal government—I think of the national harbours board for example—which are not proprietary corporations but which have also made separate arrangements with the municipalities for payment of grants in lieu of taxes for services they get from the municipality.

Mr. Macdonnell (Greenwood): Then, would it be correct—

The Chairman: Order. I doubt very much that it is in order to discuss the payment of municipal taxes by crown corporations on this resolution. The hon. member asked a question, and I allowed the parliamentary assistant to reply but I do not think we should get into a prolonged debate.

Mr. Macdonnell (Greenwood): Could I ask one more question?

Mr. Sinclair: I think this is interesting because the principle is really the same in payment by federal corporations of both municipal taxes and federal taxes, and since we are breaking new ground, ground which most of us who are not socialists will agree is right ground, perhaps we might continue.

The Chairman: Perhaps I might point out that I am not concerned in what might be of particular interest. I am interested in having the discussion relevant to the paragraph which is under study. The hon. member for Greenwood has just asked me if he might be permitted to ask another question. That is quite convenient to me, provided other hon. members will not follow the example and begin a long debate on matters having to do with the payment of municipal taxes by crown corporations.

Mr. Macdonnell (Greenwood): May I suggest that, after all, the situation of the companies in respect of municipal taxes will affect their capacity to pay federal taxes. I just want to ask this question. Do the crown companies deal with the municipalities just as any other organization does? They are not in any privileged position?

Mr. Sinclair: That is correct.

Mr. Adamson: I gather that these are corporations such as Eldorado, Polymer—

Mr. Sinclair: I am sorry, I should have given the list.

Mr. Adamson: I think it would be of interest to us if we could have a list, and if the profits are available I think that might be of interest.

Mr. Sinclair: Of course, this is only going to be applicable for the first time to the profits which will be made in this year. The corporations are those set out in schedule D to the Financial Administration Act which we passed last year, the new financial control act of this federal parliament. Those in

schedule D are the following: Canadian Broadcasting Corporation; Canadian Farm Loan Board; Canadian National (West Indies) Steamships, Limited; Canadian Overseas Telecommunication Corporation; Central Mortgage and Housing Corporation; Eldorado Mining and Refining Company (1944) Limited; Export Credits Insurance Corporation; national railways, as defined in the Canadian National-Canadian Pacific Act, 1933; Northern Transportation Company (1947) Limited; Northwest Territories Power Commission; Polymer Corporation Limited and Trans-Canada Air Lines.

Members who will recall the debate of last fall will realize that this includes all the proprietary corporations, with perhaps one exception, the Bank of Canada. It is such an unusual position, and in any case its profits in the end are turned over to the crown, that it was not included in the Financial Administration Act.

Mr. Adamson: I was going to ask about the Bank of Canada and the other bank, the Industrial Development Bank.

Mr. Sinclair: It is a subsidiary of the Bank of Canada.

Mr. Adamson: Its profits, if any, are paid to the Bank of Canada?

Mr. Sinclair: The Minister of Finance has the power to transfer that portion of their profits which he decides should be part of national revenue from their account to the consolidated revenue as he has, mind you, for all these other proprietary corporations under the Financial Administration Act. The Bank of Canada is in a unique position in that it is not competing with any privately owned banking institution in Canada. It is not in competition with the chartered banks, whereas these other proprietary corporations, for the most part, are in active competition and are compared with their private competitors so far as profit and loss statements are concerned.

Mr. Adamson: Just one more question—I hope I do not trespass in asking it: Will they be also subject to provincial taxes?

Mr. Sinclair: No, they will not be subject to provincial taxes, nor will the provincial crown corporations, of which there are a fair number—I think for example of Hydro—be subject to this taxation. We would hope that perhaps, if this pattern worked out satisfactorily, the provinces might copy it. The effect on their revenues will be exactly the same, because the profits of those provincial crown corporations go in the end to the provincial treasury. Such a program provincially will do the same thing, and put these provincial crown corporations in a position where a better or more accurate comparison can be made of the relative efficiency of publicly-owned corporations and privately-owned corporations competing in the same fields.

The Chairman: It appears to me as though paragraphs 7 and 8 and paragraph 9 could well be discussed together. Perhaps they might be taken together.

Mr. Herridge: Since we are taking paragraphs 7 and 8 together, I should like to make a few remarks in this connection and they apply, to some extent, to paragraph 9. Paragraph 7 reads as follows:

> That the special deduction from income to a taxpayer whose principal business is the production, refining or marketing of petroleum or petroleum products or the exploring or drilling for oil or natural gas or mining or exploring for minerals, be allowed for expenses incurred in the 1955 operations on the same basis as for expenses incurred in the operations in the years 1951 to 1954.

I can see the purpose of that resolution, and Nos. 8 and 9 whose purposes are very similar. I presume it is to promote the exploration for gas and oil and the prospecting for minerals and things of that sort. I think that is a worth-while thing to promote in this country at this time. But, Mr. Chairman, you will remember that during the budget debates of 1950 and 1951 certain representations were made I think on sections similar to this one—they may not have been numbered the same, but they had the same purpose—by the hon. member for Comox-Alberni and myself urging that similar consideration should be given to those who are practising conservation in the forest industry.

There is a tremendous need for the conservation of our forest resources in this country at this time. That procedure is being preached in every provincial legislature and it has been preached in this parliament. This worth-while purpose is being supported across Canada by many important and recognized organizations. I think it is generally accepted that anything we can do to promote the conservation of our natural resources is something that should be done, and done now for the future.

I happen to know that many large lumber companies in recent years are developing policies along these lines; they are spending large sums of money to conserve our timber and to provide timber for future generations by tree planting in some cases, by the building of fire guards, by the building of trails and by the building of roads. That type of policy is being adopted by more and more companies and also by quite a number of smaller owners. I have a knowledge of quite

a number of smaller owners of forest resources in British Columbia who are doing this, and farmers at this time are being urged to do the same.

Mr. Sinclair: Mr. Chairman, I do not like to interrupt the hon. member but there is no conceivable connection between the cost of conservation and the cost of reforestation, and these concessions which are given to mining and oil, because mines and oil wells, unlike forests, are wasting assets. The argument which the hon. gentleman is making is one as to whether the cost of reforestation should be regarded as an operating cost or a capital cost; but it certainly has nothing to do with these three resolutions. It has been raised on other occasions. It is a matter which is now before the Minister of Finance for study. But as to the individual items here, it has no conceivable connection at all.

Mr. Herridge: Mr. Chairman, I should like to ask just two or three questions. I had practically finished. I think there is some relation, because these items provide for the development of natural resources and what I am suggesting provides for the development of natural resources and the conservation of them. I want to ask the parliamentary assistant whether, as a result of representations made by members of this house and, I believe, by corporations and some individuals outside the house, consideration has been given to making provision for income deductions on account of expenditures in connection with forest conservation policies by companies or by individuals. If so, why has not favourable consideration been given to that matter at present?

Just before I conclude, Mr. Chairman, may I say this. I may be off the beam a bit. It may be possible, under the present law, for companies to charge these expenditures legitimately against the expenses of their operations. If that is so, I should like to know it. I should like the parliamentary assistant to advise me whether it is possible to charge against operating expenses moneys expended for the conservation of forest resources in any operation by a company, a farmer or any individual owning timber.

Mr. Sinclair: Mr. Chairman—

The Chairman: The question is whether this discussion is relevant to these three resolutions.

Mr. Sinclair: I do not want to be out of order.

The Chairman: It seems to me that these questions might more properly be asked of the minister when he is dealing with his estimates. These three items have to do with special privileges to the mining industry, and the metalliferous or industrial mineral mine industry. You cannot expect the parliamentary assistant, who is prepared to reply to pertinent questions on these resolutions, to cover the whole field of whatever other questions hon. members may want to have a reply to. I think that on the estimates the hon. member might put to the minister any question that is unanswered now. When the minister comes before the house with his estimates, the hon. member might remind him that he wants an explanation with regard to this question that he has put on *Hansard* today. I think that he might wait until that time for a reply.

Mr. Herridge: I gladly accept your ruling, Mr. Chairman, and will accept your advice.

Mr. Sinclair: Thank you.

Mr. Adamson: Mr. Chairman, I want to ask a question. I am sure that item 7 has reference both to oil and to mining. I had hoped, and I would hope, that these provisions might become a permanent statute rather than be a matter for reintroduction every year under the budget resolutions. I feel that they are valuable and desirable; in fact, they are absolutely necessary. Particularly in view of the rather precarious state that certain parts of the mining industry now find themselves in, I feel that consideration should be given to making them a statute.

I have also seen statistics to the effect that it has been our experience that only one well out of seven drilled is a producer of either gas or oil. I think that information shows to the committee more than anything else the absolute necessity for having a provision like this with regard to the extremely hazardous business of drilling and prospecting for petroleum and natural gas.

I wonder whether the parliamentary assistant has any figures with regard to the expenses in connection with the drilling and exploration for natural gas and oil or as to the claims made under those regulations? If he has, I wonder if he will give them, because I think it is of enormous importance to the country to do everything possible to assist the industry. We like to talk about our greatly expanded petroleum industry; but when it comes down to the facts, when you really see how hazardous the whole business is and how many times you have a failure, you appreciate the situation. A company that I unfortunately have been interested in has, I think, drilled 47 dry wells. I think that may be a record. Perhaps that is just my luck. But I believe that this provision is absolutely vital and I should like to see it made a statute. I wonder whether the parliamentary assistant has any statement to make on its operation.

Mr. Sinclair: Mr. Chairman, these three items are very closely connected, of course. They are nothing new. They are extensions for another year of these special deductions. Both mining and oil are unusual industries in that mines and wells are operating on wasting assets. If any company is going to sit tight on its present ore body or on its present well, in the end it is going to be out of business. They therefore have to go out, explore and try to find new ore bodies or new oil fields. They are unlike the farmer or the forester who can, by conservation of his present operation, have his new crop develop on the same holding. That is why this special deduction has been given, namely to allow these companies in this special position—and this is item 7—to charge against their operating costs the cost of exploring away from the mine or well to find other ore bodies or oil pools. It is a very valuable concession to these industries as the hon. member for York West has pointed out. The industry would like to have it permanently in the statute. Up till now it has been on a yearly basis, but to give some measure of security it is projected ahead three years. In the last budget we told the industry that we would permit this concession at least as far as 1954, which gives them confidence in planning an exploration program for the next three years. This year we have extended that period for another year, until 1955. This may not be quite as satisfactory to the mining and oil companies as permanency, but it is much better than the old way to just leave them another year ahead. That is the situation in that case.

Now with respect to paragraph No. 8, which has to do with deep test wells, which are wells drilled to an unusual depth: In that case an even greater special concession is given, in that oil companies are allowed to deduct from their revenues the cost of this exploration, and in addition from their tax payable 30 per cent of the cost of drilling these very deep wells. The record has not been quite as dismal as the record of the hon. member's company, but naturally the hazard on these deep test wells is greater, the cost is very much higher; and so this encouragement was given. It is a very much more valuable encouragement than the previous one, and that is why we still have it on a year to year basis, on the recommendation of the head of the geological survey.

The last one is another special exemption given to mining companies. It illustrates the point we both made a little earlier, that mining corporations are treated quite differently because of the speculative hazard, and the fact that they are working on wasting assets. They are given exemption from income tax on the first three years of production. Here again the industry would like it to be permanent. Until recently it was on an annual basis. In the budget of a year ago we projected it forward three years. The last budget provided that they would have this concession up until 1954 so could plan accordingly. A year has passed, so we are now advancing it to 1955. The companies coming into production this year will now know that the first three years of their production are going to be exempt as far as income tax is concerned.

These are three concessions to these very special industries which are very highly valued by the industry.

Mr. Adamson: I realize they are valued, and I entirely approve of them. The only point I wish to make is the one about making them statutory. My other point is that today the expenses involved in bringing a mine to production, any type of mine, run into, instead of thousands of dollars or hundreds of thousands of dollars, as in the old days, millions. And instead of being a matter of possibly a year or so before profitable production might reasonably be expected, the average is in the nature of five years, even though a mill begins to operate very frequently on exploration ore, or exploration rock, comparatively early in the life of the mine. I am not going to press this point at the present time, Mr. Chairman, but I feel that under the somewhat changed circumstances there is a good reason, and a good case, which can be made for even an extension over the three years, particularly with regard to base metal mines where the mill may start to operate in order not to have a large dump or a large rock pile, and also in order to begin possibly to pay exploration costs at an early date. Frequently that test or exploration mill has to shut down and the ore body may not be proved. But because once the mill starts operating the three-year period begins I feel that under the new technique there is reason why this three-year period might be extended.

However, I do not wish to press this at the moment; I would merely bring it to the attention of the minister as an example of the sort of thing that is happening today in mining.

The Chairman: Is there any discussion on paragraph 10? Shall I report the resolution?

Some hon. Members: Agreed.

Resolution reported, read the second time and concurred in.

INCOME TAX ACT

Hon. Alphonse Fournier (for the Minister of Finance) moved for leave to introduce Bill No. 205, to amend the Income Tax Act.

Motion agreed to and bill read the first time.

EXCISE TAX ACT

Hon. Alphonse Fournier (for the Minister of Finance) moved for leave to introduce Bill No. 206, to amend the Excise Tax Act.

Motion agreed to and bill read the first time.

EXCISE ACT

Hon. Alphonse Fournier (for the Minister of Finance) moved for leave to introduce Bill No. 207, to amend the Excise Act.

Motion agreed to and bill read the first time.

DOMINION SUCCESSION DUTY ACT

Hon. Alphonse Fournier (for the Minister of Finance) moved for leave to introduce Bill No. 208, to amend the Dominion Succession Duty Act.

Motion agreed to and bill read the first time.

CUSTOMS TARIFF

Hon. Alphonse Fournier (for the Minister of Finance) moved for leave to introduce Bill No. 209, to amend the Customs Tariff.

Motion agreed to and bill read the first time.

TREATY OF PEACE (JAPAN) ACT

PROVISIONS FOR CARRYING TREATY INTO EFFECT

Hon. L. B. Pearson (Secretary of State for External Affairs) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to provide that the governor in council may do such things as to him appear to be necessary for carrying into effect the treaty of peace between Canada and Japan; and for that purpose the governor in council may make appointments, establish offices and make orders or regulations; and to provide further that any expense incurred in carrying out the treaty shall be defrayed out of moneys voted by parliament.

Mr. Coldwell: Is the minister going to give us some explanation of what seems to be a rather comprehensive resolution?

Mr. Pearson: Possibly I might make a short statement on this resolution at this time. The house will recall that a resolution approving the ratification of the Japanese peace treaty by Canada was adopted by both houses of parliament before the Easter recess, and the Canadian instrument of ratification of the treaty was deposited in Washington on April 17.

[The Chairman.]

As hon. members are no doubt aware, the treaty came into force for those countries which had ratified it on the deposit of the United States instrument of ratification of April 28, in accordance with the provisions of article 23 of the treaty. So the treaty is now in effect. The ratification of a treaty by Canada makes it legally binding upon this country, under international law; but such ratification does not alter the domestic law of Canada and does not, of course, impose obligations on Canadian citizens.

In the United States when a treaty is ratified it becomes part of the law of the land, and automatically thereby imposes obligations on United States citizens. But under our system, though governments may bind themselves, it requires legislation to impose obligations upon our nationals.

The resolution before the house is the first stage in the introduction of a bill which will be necessary to enable Canada to implement the provisions of this treaty. Those provisions which will require implementation by legislation in this country are rather narrow, and not of political but rather of legal importance. Article 14 of the treaty, for instance, makes provision for the liquidation and disposition of Japanese property in accordance with the laws of the allied powers concerned. This article enables the Canadian government, for instance, to apply the Japanese property vested in the custodian for the benefit of Canadians having claims against Japan or Japanese nationals, and will prevent Japanese nationals from suing in Canadian courts to recover property vested in the custodian. For both of these purposes under the treaty legislation would be required in Canada. It would also appear necessary for there to be legislation to enable Canada to carry out the provisions of the protocol to the treaty which regulates the question of contracts, periods of prescription and negotiable instruments, and questions of contracts of insurance.

It is for carrying out legal provisions of that type that we require a resolution, and legislation of the type envisaged in the resolution.

The bill which will be based upon the resolution, and which is envisaged in the resolution, will be drafted along the same lines as the Treaties of Peace (Italy, Roumania, Hungary and Finland), Act, which was assented to on June 30 1948, and which some hon. members will recall. That act was substantially the same as a group of statutes passed by the Canadian parliament following the first world war, with reference to the treaties of peace with Germany, Austria, Bulgaria, Hungary and Turkey.

Under the 1948 act to implement the Italian, Roumanian, Hungarian and Finnish treaties, two orders in council only have been required. One provided that certain provisions of these treaties should have the force of law in Canada. The other in 1951 was known as the war claims (Italy) settlement regulations. It is not anticipated, therefore, that any extensive action under this resolution—or the act, if it becomes law—will be required.

Neither of the orders in council passed under previous legislation in connection with other peace treaties contained any provision for penalties, and it is not likely that any orders in council passed under any legislation to implement the treaty with Japan will require a provision for penalties in addition to those contained in the trading with the enemy regulations which were continued in effect under the Trading With The Enemy (Transitional Powers) Act, 1947.

Nevertheless it has been considered desirable, as it was considered desirable in similar bills previously, to avoid any uncertainty in the matter and to provide in any bill for the prescribing of fines and other penalties by the governor in council. Such a bill based upon this resolution will be legislation to make effective upon the nationals of Canada obligations contracted by the government of Canada with the approval of the parliament of Canada. And I believe it is usual in such cases to make provisions for a penalty, if there is a violation.

I do not think there is anything more I can usefully say at this time. If the resolution is concurred in, a bill will be introduced. And when that bill is introduced, at the appropriate time it will be moved that it should be referred to the standing committee on external affairs, where it can be given very detailed consideration by members of the committee. That might also provide an occasion for discussion on Japanese matters generally. Then, if members so desired, the bill could be referred back for final discussion here.

Mr. Green: It is almost eleven o'clock. I am not just clear as to what arrangement was made concerning this matter. Would he have objection to adjourning the debate?

Mr. Fournier (Hull): If I might interrupt at this stage; I discussed the matter with the hon. member for Peel (Mr. Graydon) last night, and he had no objection. Otherwise I would not have put it on. He knows this bill is going before the committee on external affairs, and is anxious to see it go there. That is why I brought it on tonight. He even went further than that. He told me to tell your leader that he agreed that it should go to this committee. That is where they discuss these important matters, I understand—and I would like to please the hon. member for Peel.

Mr. Green: The Minister of Public Works always makes a very persuasive argument. I understand the intention is not to move that the bill go tonight to the committee?

Mr. Fournier (Hull): No; probably Monday.

Mr. Coldwell: That is all right, if the bill is going to the committee on external affairs. That was the understanding. I think it might be well to let the resolution go through, bring the bill down and then send it to the external affairs committee, where we can go into it clause by clause. I do not know what arrangement was made with representatives of the official opposition but, so far as I am concerned, if it is agreeable to the official opposition, I think that is probably the procedure that would be best.

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

Mr. Adamson: In the minister's remarks tonight he said that immediately the United States ratifies a treaty it becomes law, the law of the land, whereas in Canada, to become law, a treaty must pass through parliament, under normal circumstances. Do I understand from that that when the secretary of state, or whoever signed for the United States, signed the Japanese treaty at San Francisco, it became the law of the land? Does it not have to go through the senate and the congress?

Mr. Pearson: The signature of a treaty by the United States does not of course automatically make it the law of that land. The signature has to be followed by ratification, after approval by the senate foreign relations committee and, by two-thirds of the senate itself, before it comes into effect in the United States. But once ratification has taken effect in the United States it becomes a part of the law of the United States and automatically imposes the obligations of its provisions upon United States citizens. In that respect the legal and constitutional situation in the United States is different from that in Canada.

Mr. Coldwell: There are certain clauses of this treaty that are of great interest to the fishermen of British Columbia. Is that matter going to be discussed by the fisheries committee before the external affairs committee deals with it? What is the situation? I believe the fisheries committee expects to go into the matter of the clauses dealing with

fisheries. I heard that, and I wondered what the procedure was with two committees sitting on the same treaty, as it were.

Mr. Pearson: It is the intention to submit to the fisheries committee the fisheries agreement.

Mr. Pearkes: It has been done already. The committee is considering it now.

Mr. Pearson: It is before the committee now. I am not sure whether it has completed its consideration of the agreement.

Mr. Pearkes: No, it has not. It is waiting for certain evidence.

Mr. Pearson: There are no particular fisheries questions that I can think of that would be involved in this particular measure to implement the provisions of the peace treaty generally.

Mr. Coldwell: Except there is a clause relating to the Japanese promise that they will consider a treaty. Is that not right?

Mr. Pearson: That is right, but that does not involve any legislative action that would be required by the parliament of Canada to carry it into effect. That was an undertaking between the governments concerned, and that undertaking has been discharged by the Japanese government in the signing of the fisheries agreement which is now before the fisheries committee.

Mr. Coldwell: So that really will not enter into the discussion in the external affairs committee.

Mr. Pearson: No, it should not.

Mr. Pearkes: Article No. 9 of the treaty is the most-favoured-nation clause. I believe last July the United Kingdom parliament said that they were got going to extend the most-favoured-nation clause to Japan. Is Canada according to Japan most-favoured-nation advantages?

Mr. Pearson: Although that is not a matter coming within the scope of this resolution, nevertheless I think I am right in saying that we have not extended any rights under that clause to Japan as at this time.

Resolution reported, read the second time and concurred in.

Mr. Pearson thereupon moved for leave to introduce Bill No. 210, to provide for carrying into effect the treaty of peace between Canada and Japan.

Motion agreed to and bill read the first time.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): On Monday we will move to go into committee of supply and call four departments, defence production, citizenship and immigration, fisheries and justice. Then we will take up the following resolutions and bills: The resolution in the name of the Minister of National Defence to amend the National Defence Act; the resolution in the name of the Minister of Mines and Technical Surveys concerning the Emergency Gold Mining Assistance Act. If the hon. member for Peel is ready and in the house we can then take up the bill to provide for carrying into effect the treaty of peace between Canada and Japan.

Mr. Green: Is it available for distribution?

Mr. Fournier (Hull): If it is not available we will postpone it. I said we would bring it up on Monday but I will not insist on it. It may come up a day or two later. Then there is another bill, Bill No. 63, to amend the Prisons and Reformatories Act; Bill No. 93, to amend the Export and Import Permits Act; Bill No. 193, respecting the New Westminster harbour commissioners; Bill No. 194, to amend the Aeronautics Act, and Bill No. 195, to amend the Government Employees Compensation Act, 1947.

Mr. Green: Are you expecting to prorogue Monday night?

Mr. Fournier (Hull): I should like to.

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

HOUSE OF COMMONS

Monday, May 12, 1952

The house met at three o'clock.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 198, for the relief of Ismena Archange Labatt Chipman.—Mr. Winkler.

Bill No. 199, for the relief of Rose Larocque Crawford.—Mr. Winkler.

Bill No. 200, for the relief of Gladys Lucille Jane Annal Williams.—Mr. Winkler.

Bill No. 201, for the relief of Emily Amelia Ahern Manhire.—Mr. Winkler.

Bill No. 202, for the relief of Margaret Joyce Berryman Thomas.—Mr. Winkler.

Bill No. 203, for the relief of Lillian Deutsch Payne.—Mr. Winkler.

Bill No. 204, for the relief of Murdoch Graham Nicholson.—Mr. Winkler.

QUESTIONS

ASSOCIATION OF CIVIL SERVICE EMPLOYEES

Mr. Knowles:

1. What is a recognized civil service association?
2. Does the civil service commission, the cabinet, the minister at the head of a department, or some official under the minister grant recognition? If not, who does grant such recognition?
3. What conditions or requirements must be met by an organization before recognition is granted?
4. What are the names of all recognized civil service associations?
5. When was each such association recognized, and by whom?
6. Does the government discourage or prohibit the formation of new associations of civil service employees?
7. What is the policy of the government with respect to the formation of new associations of civil service employees?
8. Has this policy ever been communicated to senior administrative officials in the civil service? If so, when, and to what officials?

Mr. Bradley:

1, 2 and 3. There is no formal definition of "a recognized civil service association".

4 and 5. As indicated above, there are no "recognized civil service associations". There are known to be over one hundred staff associations or organizations and it is not possible to compile a complete and accurate list. The following eleven staff organizations have been named by order in council as entitled to direct and separate representation on the national joint council of the public service of Canada:

The Civil Service Federation of Canada, The Amalgamated Civil Servants of Canada, The Professional Institute of the Public Service of Canada, The Civil Service Association of Ottawa, The Federal Association of Letter Carriers, The Association of Canadian Postal Employees, The Canadian Railway Mail Clerks Federation, The Customs and Excise Officers Association, The Canadian Taxation Division Staff Association, The National Unemployment Insurance Commission Association, The Department of Veterans Affairs Employees National Association.

6. No.

7 and 8. The government does not interfere in the formation of new associations of civil service employees.

PICTURE OF MINISTER OF TRANSPORT

Mr. Hees:

1. Were any copies of a picture of the Minister of Transport lecturing to students of Ottawa university sent out to schools, institutions and other organizations?
2. If so, how many, and what was the purpose of sending out this picture?

Mr. Chevrier: I would like to answer this question orally, if I may. I did receive a group of some eighty students of the University of Ottawa some weeks ago as my guests here in the House of Commons. While I did not lecture to them, I spoke of the manner in which parliament operated, and during the course of the talks someone suggested that I explain on a map the main features of the St. Lawrence seaway. I decided to do so. As I was talking, a picture was taken of the students and of myself, and the picture was sent out to six university student publications, six teacher publications and twelve newspapers, as part of the educational program on the St. Lawrence seaway.

I should tell the house that the national film board made a charge against the Department of Transport of sixty cents for each copy of the print, making a total of $14.40.

ARMED FORCES—FOOTWEAR

Mr. Lennard:

How many pairs of defence footwear were covered by sessional paper No. 18-A, tabled on the seventh day of April, 1952?

Mr. Dickey: The total number of pairs of footwear covered by sessional paper No. 18-A, tabled on the seventh day of April, 1952 was 1,304,407 pairs.

Questions

RADIO LICENCE FEES

Mr. Higgins:

What is the amount received in radio licence fees from each province, in 1951?

Mr. Benidickson: Private receiving station licence revenue by provinces for the fiscal year 1951-52 (not completely finalized):

Province	Revenue
Newfoundland	$ 112,792.50
Prince Edward Island	25,886.50
Nova Scotia	270,225.50
New Brunswick	185,202.00
Quebec	1,449,467.00
Ontario	1,613,752.00
Manitoba	338,389.50
Saskatchewan	401,438.50
Alberta	422,887.50
British Columbia	484,077.00
Yukon and Northwest Territories	846.00
Total	$5,304,964.00

ARMED FORCES—CONTRACTS FOR KIT BAGS

Mr. Lennard:

1. How many contracts for kit bags for the defence forces were let between January 1, 1951 and May 1, 1952?
2. What were the amounts of the contracts?
3. How many kit bags were contracted for?

Mr. Dickey:

1. 17 contracts.

2 and 3.

Number	Estimated value
6,000	$ 41,400
5,000	34,250
1,000	7,050
5,000	31,500
35,000	243,175
51,000	320,790
12,500	88,125
96,910	669,687
1,940	5,626
1,750	6,860
15,750	98,910
900	2,970
900	2,970
16,000	46,400
1,750	7,665
7,435	21,562
1,500	7,950

BOISSEVAIN, MAN., POST OFFICE

Mr. Ross (Souris):

1. Was an addition built to or over the Boissevain post office during 1949 or 1950?
2. If so, who was the contractor?
3. What was the total cost of addition to the building?

Mr. Fournier (Hull):

1. Yes.

2. Wyatt Construction Company Limited, Winnipeg, Man.

3. $36,441.50.

[Mr. Dickey.]

QUESTIONS PASSED AS ORDERS FOR RETURNS

DRYING OF DAMP GRAIN—REDUCTION IN BUSHELS

Mr. Argue:

1. What was the total reduction of wheat by principal grades, oats, barley, rye, flax, shown in the records of each elevator company in its terminal elevators as a result of drying?
2. Is such reduction in bushels of grain reflected as year-end shortages in the published records of each elevator company?
3. If not, for what reason?

Mr. McIlraith: Return tabled.

NEWFOUNDLAND—LEGAL SERVICES AND TRAVELLING EXPENSES

Mr. Higgins:

1. What was the total expenditure paid or incurred for (a) legal fees and disbursements; (b) travelling expenses; (c) other costs and expenses not included in legal fees and disbursements, in connection with all matters in Newfoundland for which solicitors were retained by federal departments, specifying each such matter?
2. Are there any outstanding accounts for solicitors or counsel fees?
3. Who were the solicitors or counsel retained for each such matter, and how much did each receive?

WELFARE SURVEY OF NEW BRUNSWICK

Mr. Brooks:

1. Was a welfare survey, including child welfare, made by Miss Bessie Touzel, assistant executive director of the Canadian Welfare Council, in the province of New Brunswick?
2. If so (a) when was this survey made; (b) what was the cost; (c) has Miss Touzel submitted a report?
3. If a report has been made, when will it be published and made available?

POULTRY—NEWCASTLE DISEASE IN NOVA SCOTIA

Mr. Black (Cumberland):

1. How many claims have been received by the government in the last year for compensation for losses sustained through Newcastle disease from owners of poultry hatcheries and flocks in Nova Scotia?
2. What was the amount of such claims, stating (a) number of hens; (b) number of cockerels; (c) number of eggs; (d) value of buildings and equipment; (e) cost of disinfecting and clean-up; (f) loss of business; (g) other items; (h) total?
3. How many birds (a) died; (b) were destroyed?
4. What compensation has been paid under each heading?

GERM WARFARE

STATEMENTS BY DR. ENDICOTT—DENIAL BY WASHINGTON AND UNIFIED COMMAND IN KOREA

On the orders of the day:

Mr. T. H. Goode (Burnaby-Richmond): Mr. Speaker, Dr. Endicott, the communist, has accused the United Nations of using germ warfare in Korea, and every member of the House of Commons has had inquiries from across the country demonstrating the concern

of the people regarding his statement and press reports on the subject. I should like to ask the Secretary of State for External Affairs whether he is prepared at this time to make a statement on this matter.

Hon. L. B. Pearson (Secretary of State for External Affairs): I thought it likely that someone would bring up this question, Mr. Speaker, and I am therefore in a better position to deal with it than I would normally be.

The charge that the United Nations forces in Korea have engaged in germ warfare is so false and so fantastic that it would normally be unwise to dignify it by official denials. Nevertheless, it has become such a central feature of soviet propaganda, and has been repeated so violently and so often for the transparent purpose of deceiving persons who may not be aware of the soviet purpose behind the charge, that I think some statement should be made about it. The hon. gentleman's question gives me an opportunity to make that statement on behalf of the government.

The accusation of germ warfare is usually aimed specifically at the United States. It has been emphatically and indignantly denied in Washington and by the unified command in Korea. Within the last few days Mr. Acheson has repeated that denial, emphasizing that the "trumped-up 'evidence'" to support—and I quote him—

—these utterly false charges constitutes another example of the incredible length to which communists will go to propagate the big lie.

Canadian members of the communist party, who, of course, follow automatically every twist and turn of soviet policy no matter where it leads them, and their fellow travellers, who do not always realize that they are travelling under orders from the Kremlin—these people prefer to accept this trumped-up evidence rather than the official denials of our friends in the United States. The charge, Mr. Speaker, has also been categorically denied on behalf of the United Nations by its secretary general, Mr. Trygve Lie, as utterly false. I am sure that this house accepts those denials.

So far as our own position is concerned, it is, of course, a slanderous falsehood to say that Canada has participated in any way in any form of germ warfare. It is equally false and equally slanderous, but more cowardly and despicable, to imply without stating it in so many words that Canada is making any preparations in this field except for defence against such warfare. I may say, Mr. Speaker, that some of our best qualified scientists, though they would not of course be permitted to make on-the-spot examinations, have already examined the so-called evidence of Korean germ warfare that has been made public by the communists and have pronounced it, in an oral report to me, to be a transparent and clumsy hoax.

Possibly the best proof that the communist leaders themselves do not believe in these charges or in this evidence is the fact that for their so-called investigations they have used a communist body, called the international association of democratic lawyers, and other agencies which are under their direct control. The United States, the United Kingdom, Canada and the other members of the United Nations with forces in Korea have, on the other hand, agreed that the charges should be investigated by men who would be bound—and of course this is unthinkable in communist countries—only by their professional consciences, and who would act on their scientific knowledge; by men—and this would also be impossible in communist countries—who would not be subject to any form of reprisal or punishment if their conclusions were embarrassing politically to the governments of which they were nationals. For this purpose it has been proposed that the investigation should be conducted by representatives of such impartial international organizations as the International Red Cross or the world health organization. Indeed, any international organization of this kind should be acceptable to the United Nations. The communists, obviously embarrassed by the possibility that this kind of investigation might take place, have retreated to the position of denying the impartiality and objectivity of the two international organizations in question, a denial which deceives no one except themselves but which very convincingly exposes their own bad faith and their realization that the charges could not be substantiated for a moment if a genuinely impartial investigation were permitted.

In spite of this there are some in this country, deluded but possibly sincere, who have been impressed by the shrill and continuous communist propaganda on germ warfare to which they are subjected. There are others, of course, members of the communist party and fellow travellers, who are neither deluded nor sincere but who will swallow any accusation and accept any statement, however absurd, if it comes from Moscow, and will ignore any evidence or statement in reply to such an accusation which comes from their own or from friendly governments. They will condemn in unmeasured terms the policies of their own and other free countries, while they will propagate any lie, however vicious, which is uttered against their own country and its friends on behalf of soviet communist imperialism. Communist travellers and their

friends, for instance, will return from Moscow with nothing but praise for the sordid and cruel despotism which has been forced on the Russian people and on those other peoples whom they have enslaved. Or they will come back from China, without any word of criticism for the inhuman treatment of Christian missionaries there, but with extravagant praise for the communist regime in that country which is responsible for such treatment.

Some of these persons have a passion for publicity, and I do not wish to minister to that passion by referring to them by name. As long as they are Canadians they have the rights, of course, of Canadian citizenship, but within the law. If they break the law they can be punished. However, we should, I suggest, be careful not to make martyrs of them in a way which would only make them more dangerous to us and more useful to the communists. It is, I think, a small price to pay for freedom and for the preservation of human rights to permit such persons to condemn and discredit themselves by their own malicious and false statements as long as they stay within the law. A few of these people, of course, may sincerely believe that they are, if I may put it this way, fishermen for peace. They are, in fact, merely bait on the end of a Red hook. They are helping the soviet government achieve certain imperialist objectives which have nothing to do with peace or freedom, but which require the weakening and eventually the destruction of the friendly co-operation which has been built up between free states in the face of the menace of soviet communist aggression.

No true or loyal Canadian, I know, will subscribe to or assist in any way this subversive campaign which employs as one of its most dangerous tactics the longing for peace which we all share and uses as one of its most destructive weapons what I have already described as ideological germ warfare.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, I wish to direct a question to the Secretary of State for External Affairs. The press has reported that a questionnaire has been directed by the Department of External Affairs to Dr. Endicott. The press also carries reports of the statement by Dr. Endicott that he does not propose to answer the questionnaire but intends to seek a discussion of this subject with the minister himself. Can the minister inform us what the situation is and whether any such questionnaire has been directed to Dr. Endicott?

Mr. Pearson: Mr. Speaker, Dr. Endicott addressed to me some days ago a telegram asking for an opportunity of making a personal report to me before he made a public statement on his return from communist China. In reply to that telegram a letter was sent to Dr. Endicott in the following terms:

> I have been instructed by the Secretary of State for External Affairs to forward to you the attached summaries of statements which you are reported to have made during your recent visit to Europe and to China. This is the most accurate report of these statements which we have been able to secure and I am directed to ask you whether you confirm or deny or wish to amend the statements contained in them which you are reported to have made.

This letter was signed, on my instructions, on behalf of the Acting Under-Secretary of State for External Affairs. In reply to the point raised by the leader of the opposition may I say that to this communication I received an answer which possibly I might put on the record. It reached me last Friday, as I recall.

Mr. Coldwell: Yes. Read it into the record.

Mr. Pearson: It is addressed to me, Mr. Speaker, and if the house desires me to do so, I will put it on the record. It reads as follows:

> Dear Sir:
>
> This will acknowledge receipt of a letter signed by an official of your department questioning me on certain press and radio statements attributed to me.

Parenthetically, Mr. Speaker, all we did was to give him an opportunity to confirm, deny or amend those statements. He was not questioned in regard to them except in that respect. Dr. Endicott's letter continues:

> Before commenting on these questions I should like to inform you that I am speaking in Toronto on Saturday morning at Massey Hall and on Sunday night at the Maple Leaf Gardens. In these speeches I will be discussing the use of germ warfare by the United States' forces against the Chinese people. I will be repeating what I said abroad. As you are aware, I can speak Chinese fluently and I was able to ask and see for myself on the spot what I feel to be undeniable evidence of the use of bacteriological warfare by the United States' forces.
>
> The truth of this grave charge is a matter of the greatest importance to all Canadians and I should hope that you would want to hear what I saw in China. You will recall that I cabled you from China as long ago as April 1, before I made any public statement.

Incidentally, that was a cable from Peking to me some weeks ago protesting against the alleged use of germs and bacteriological warfare in Korea and in northern China. Dr. Endicott's letter continues:

> I would welcome a chance to present the facts to which I was a witness both to you and to the external affairs committee, as well as to the Canadian people.
>
> To come back to the questions your official asks. I have been unable to trace any authority possessed by your department which gives the right to question Canadian citizens in such a way, nor is the purpose of the questions clear to me. Until I receive some clarification on this point I must decline to submit to cross-examination from your officials.

That is the end of the letter, Mr. Speaker. The cross-examination to which Dr. Endicott refers was the opportunity we gave him to explain, deny or amend what he is reported to have said when he was in communist territory; and he did not take advantage of that opportunity.

Mr. Drew: Mr. Speaker, I feel sure that all members of this house will be ready to approve of the strongest terms in describing what is being done by Dr. Endicott at this time. However, I raise one question which, it seems to me, has been in the minds of many people, if one may take the statements that have appeared in the press as an indication of what they are thinking. At the time the Criminal Code was amended, I think members of this house were under the impression that the effect of the amendments would be that those who were guilty of statements which might have the effect of injuring Canada's position and affecting our participation in the struggle in which we are engaged would be embraced within the wider terms of the code dealing with subversive activities. It can be no defence for anyone to suggest that it is the United States which is guilty of certain conduct. The United States is engaged in a common effort with Canada and the other nations now represented in Korea, and it would be impossible for us to divorce ourselves entirely from action of that kind, if, indeed, such action were being taken.

I do not think it is safe for us to say that no Canadian except one who happens to follow the line put forward by the Kremlin is going to accept statements of this kind. Unfortunately there seems to be some evidence that there are people who are affected by repeated statements of this nature on the part of a man who is accorded some measure of recognition even by the government itself, in the manner in which it deals with him in respect to this matter. If statements of this kind are believed by any Canadians who have sons, husbands or brothers in Korea, how can it be possible to say that they are not subversive and that they will not have a damaging effect upon the state of mind of many of our people? I most earnestly urge upon the Minister of Justice (Mr. Garson) that he consider whether statements which can only be taken as suggesting a course of action by the United Nations forces, of which the Canadian forces are a part, do not bring the author of them clearly within the amendments to the Criminal Code which the minister introduced into this house.

I for one have expressed myself as being strongly opposed to arbitrary action or any methods which are inconsistent with our truly democratic processes. I believe the place in which any of these things should be dealt with is the courts. But I most certainly understood the Minister of Justice had indicated to us it was his belief that the amendments which had been introduced here, and which were adopted by the members of this house, were sufficiently wide to deal with activities or statements which could in any way undermine our participation in the present very real fighting in Korea, or at any other time, in the event of war, interfering with the war effort of the country. I would ask him to tell the house what the opinion of the department is as to the application of the amended section of the Criminal Code to words which can only be regarded as inclusive of the United Nations forces, having regard to the fact that Canadian men in Canadian uniforms are serving with those forces.

Hon. Stuart S. Garson (Minister of Justice): In response to a question earlier during the present session, I indicated that the statements attributed to Dr. Endicott in the press as having been made in Korea and China were being examined by members of the staff of the Department of Justice, with a view to reaching an opinion as to whether or not prosecutions could be laid against Dr. Endicott under either the amendment to which the leader of the opposition has referred as having been passed last year, or under other sections of the Criminal Code.

Since that time Dr. Endicott went to London, England and made there a statement repudiating those attributed to him in China. He has since come to Canada and had communications, as the Secretary of State for External Affairs said, with that department, and has also made speeches in Canada. All of these have a bearing upon the opinion which is in the course of preparation in the Department of Justice.

One of the difficulties under which, in contradistinction to the totalitarian countries, we labour in Canada in a matter of this kind is that under British justice a man is presumed to be innocent until he is proved guilty. If he merely, in the course of his trial, pleads not guilty and says nothing more, the onus is upon the crown of proving a prima facie case against him by witnesses who are available to the Canadian courts, which I do suggest would not include those in China to whom Dr. Endicott's original statements were alleged to have been made.

No matter what the wording of the offence may be, one of the matters of prime importance which the prosecution has to consider is whether it can produce sufficient evidence through competent witnesses which will discharge that first onus so that the onus will then shift to the defence to establish justification, or other matters of defence.

The amendment to which my hon. friend the leader of the opposition has referred is one which was introduced last year. This is the subsection which was added to the section defining treason; it reads:

Treason is . . .

"(i) assisting, while in or out of Canada, any enemy at war with Canada, or any armed forces against whom Canadian forces are engaged in hostilities whether or not a state of war exists between Canada and the country whose forces they are, or . . ."

In other words, the prime purpose of tne amendment was to get away from the necessity, which otherwise would obtain, of having to prove that a state of war, according to international law, existed between Canada and, we will say, North Korea and China —a state of war being a condition usually recognized as that which follows an open declaration of war. I think there is no doubt that the amendment achieved that effect. But to go on, following the suggestion which the leader of the opposition has just made this afternoon, and say that it in any way eases the necessity of proving that the statement which was made was intended to assist or did assist any enemy at war with Canada is I think hardly in accord with the terms of the amendment.

In the present case this matter, as my remarks previously in the house indicates, has been under active consideration by a committee in our department consisting of the deputy minister, Mr. F. P. Varcoe, Q.C., Mr. A. A. Moffat, Q.C., who was the former deputy attorney general of the province of Manitoba; Mr. T. D. MacDonald, Q.C., the head of the combines branch, who was a former deputy attorney general of Nova Scotia, and Mr. A. J. MacLeod, who is one of our specialists in the field of criminal law. They have been giving very serious consideration to the various pieces of evidence to which I have referred, with a view to arriving at an opinion as to whether, in their judgment, it would be possible to secure a conviction from a Canadian jury under our British system of law if a prosecution were launched.

Unfortunately, Mr. Varcoe, the deputy minister, was taken to Washington for a matter of nearly a week on the St. Lawrence deep waterways matter, and Mr. MacDonald has been in New York attending a committee of the economic and social council of the United Nations dealing with international cartels, and just returned over the week end. We will be producing an opinion in the matter shortly.

Mr. Coldwell: May I ask the minister a question? In view of Dr. Endicott's letter, did he have someone at the meeting in Massey Hall last night to take down an accurate account of the charges that may have been made there?

While I am on my feet, may I also say that I think we should leave a good deal of this to the good sense of the Canadian people. They know that an impartial investigation has been urged by the United Nations, but it has been refused. As long as no impartial investigation is permitted by the other side, the Canadian people should be able to evaluate the charges for exactly what they are worth. I do not think we should continue to give publicity to matters of this description. The good sense of the Canadian people will arrive at a fairly sound judgment as to the charges that have been made.

FISHERIES

ATLANTIC HERRING INVESTIGATION COMMITTEE

On the orders of the day:

Mr. W. Chester S. McLure (Queens): I desire to direct a question to the Minister of Fisheries, and in his absence to the parliamentary assistant. Does the Canada-Newfoundland herring commission exist at the present time? If not, has a herring commission been set up, and when has the commission reported to the hon. Minister of Fisheries?

Mr. J. Watson MacNaught (Parliamentary Assistant to the Minister of Fisheries): In reply to the senior member for Queens, who was good enough to leave a notice of his intention to ask this question in my office this morning, may I say with respect to the first part of the question the answer is no.

With respect to the second part of his question the answer is also no. The hon. member, however, is probably referring to the Atlantic herring investigation committee, which was established in 1944, under joint arrangements between the federal government and the governments of Newfoundland, Quebec, Nova Scotia, New Brunswick and Prince Edward Island. That committee was finally dissolved on March 31, 1950.

With respect to the third part of the hon. member's question, namely, when has the commission reported to the Minister of Fisheries, the reply is that reports of the Atlantic herring investigation committee were made annually to the minister through the fisheries research board.

SUPPLY

Hon. Alphonse Fournier (Minister of Public Works) moved that the house go into committee of supply.

PROPOSED INQUIRY INTO GOVERNMENT ADMINISTRATIVE ORGANIZATION

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, I propose to avail myself of the opportunity presented by this motion to bring before the house once again the suggestion that it is to the advantage of all Canadians that we should adopt the method that has been employed by every substantial business in Canada in an effort to improve the efficiency of those businesses in these extremely important years.

On an earlier occasion, on behalf of this party I introduced a motion in which I called for the appointment of a royal commission to examine the general organization of government from the administrative point of view, with the request that it report to the house and recommend any improvements which could be made from the point of view of either increased efficiency or government economy.

At that time, so far as I could discern the opinion expressed by hon. members, there was no serious disagreement with the suggestion that it would be desirable to improve the efficiency of government administration in every way we can, but rather that no evidence had been placed before us which suggested any real necessity for such examination. Therefore I return today to this subject, and again I shall present a motion in which I shall call for an expression of opinion by hon. members.

I present the motion in the hope that all hon. members may recognize the extent to which public confidence in the efficient and effective expenditure of their moneys by the government, in itself, is a most important part of the great economic struggle in which we are now engaged. As has been said in the house on a number of occasions, our struggle against communism is not merely to build up united military strength which will preserve peace by making it appear unwise for Russia to begin a war, but side by side with that is the equally important struggle to preserve our economy and to maintain our living standards while we shoulder the financial burdens imposed upon us by the necessity for military preparations.

Therefore I suggest in all earnestness to members on both sides of the house that the extent to which, by our conduct, we can convey confidence to the taxpayers of Canada that their dollars are being well and properly spent, to that extent we shall be making an important contribution to ultimate success in our long struggle against communism and communist aggression.

Let us consider some of the reasons which suggest themselves as supporting a motion of this kind. First of all the question may arise as to the desirability of the appointment of a royal commission or of a committee of parliament. The motion which will be presented suggests the appointment of a royal commission, for reasons which I hope will commend themselves to the house. It would be possible to appoint to a royal commission men who have been specializing in business organization, outstanding accountants, men skilled in departmental work, as well as representatives of the civil service itself whose knowledge would be invaluable in assessing evidence placed before such a commission.

While there are among hon. members many who have business and accounting experience, as well as other experience which would be useful in examining a subject of this kind, the appointment of a royal commission would make it possible for the government to choose men and women who have established recognition in this country as experts in their own fields. It would also make it possible to choose men and women whose expert knowledge would permit them to examine these problems of organization without any suggestion that they might be embarrassed in any way through their being members of the House of Commons.

I feel sure it is not necessary to stress the point that in recent years one thing has been emphasized over and over again by large corporations conducting business of one kind or another. Again and again we see the statement that there has been a reorganization in the administration of a business, after a careful examination has been made, and that new methods of cost accounting have been adopted so that day by day in every department of that business it has become possible for the efficiency of the operation to be checked by statistical information.

We have observed also that one of the things done by business generally to reduce costs and increase efficiency has been to watch the way in which various activities are carried on so that there will be a guarantee that the skill and efficiency of those working on any particular task may be employed to the utmost advantage. All that this motion suggests is that those of us who are supposed to be responsible for the largest and most important business in Canada, that of the people of Canada and of Canada itself, should adopt precisely the methods which have been found to be not only desirable but necessary if business efficiency is to be practised and in many cases solvency itself maintained.

Surely some of the figures of expenditures which have been made available recently suggest many places where there might be some possibility of economy. Just recently the government statisticians prepared comparative figures of expenditures on certain typical items under various government departments. Let me place a few of those comparative figures before the members of this house, without suggesting for a moment that these are the only items which give a clear interpretation of what is happening. They are put forward simply as illustrating what has been happening; and these examples are repeated over and over again in the comparative figures presented by the government statisticians.

Let us take the Department of National Defence, which during the coming year will be called upon to spend nearly half of the enormous sum of money that is to be taken from the people of Canada by taxation as set forth in the estimates now under consideration. I take the figure for 1938-39 as the last figure before the war and because it is the year which is taken as the starting point by the government statisticians themselves.

Under the heading of professional and special services, the expenditure in 1938-39 was $198,000, the expenditure indicated for 1952-53 is $11,767,000. Surely when we see a figure as large as that we do not need to argue very strenuously that some examination would suggest places where savings could be made in an item which for similar services has jumped from $198,000 to $11,767,000.

For travelling and removal expenses in the year 1938-39 the expenditure was $1,101,000; for 1952-53 it is estimated to be $32,430,000. Let us admit that we are living in a time of higher prices; let us admit that Canada's general activities have expanded greatly; it still does not explain an increase by thirty-two times of the amount spent on that particular item in 1938-39.

For telegraphs, telegrams and other communications services in 1938-39 the figure was $57,000; for 1952-53 it is $5,239,000. That is an increase not of thirty times but of one hundred times what it was in 1938-39. Surely there must be expenditures there which would be worth examining to see if some savings could not be made. Whether the savings effected would be $10,000, $100,000, $1,000,000, or $2,000,000 as long as savings can be made, the possibility should be explored. Certain it is that impartial examination will show that lots of long distance telephone calls could have been avoided by the use of air mail which probably would have obtained the same information in very little more time. The same applies to telegrams and other communications such as wireless and things of that kind. A jump from $57,000 to $5,239,000 in itself would suggest reasons for an independent examination by skilled men and women to see if some improvement could not be made in the costs and efficiency of that operation.

Let us examine the item of films, displays, advertising and other informational publicity. Remember that this is the same government which proclaims itself as continuing efficiency. In 1938-39 it felt impelled to spend only $5,000 for films, displays, advertising and other informational publicity, whereas it now asks for $3,115,000 for the same item. There is an increase of six hundred times. Surely that would suggest reasons for exploring this item to seek possible economies and improved efficiency.

Let us look at office stationery, supplies, equipment and furnishings. Certainly the cost of these things has gone up, and undoubtedly more stationery and supplies are required; but let us look at the comparative figures and remember that while Canada has grown, it has not grown or expanded in anything like this percentage. In 1938-39 under this item $232,000 was spent. It is estimated that during 1952-53 the government will require under this item $6,164,000. Need I suggest that any ordinary business confronted with an increase of this kind in a single item would insist upon a most careful examination of the possibility of economies under that head.

Then let us look at one or two items under departments other than national defence. So there may be no suggestion that these figures have only gone up because of military preparation and activities, let us look at travelling and removal expenses in the non-defence categories. In 1938-39 the total under that heading for all departments other than defence and defence production was $3,504,000. For 1952-53 the amount estimated to be necessary is $13,991,000. Surely an increase by more than three times in that one item suggests reasons for examination. Then let us look at this interesting item covering telephones, telegrams and other communications. Let me remind hon. members that any argument which might be made that speed in modern methods of communication is essential for defence purposes would not apply, because the figures I am giving have no relation to defence activities. The figure for telephones, telegrams and other communication services for the non-defence departments for 1938-39 was $689,000. For 1952-53 the amount estimated as required by the government is $5,638,000, nearly ten times as much. Then under the item publication

of departmental reports and other material we find the interesting fact that not a single cent was included in 1938-39, but that for 1952-53 there is in the non-defence departments an item of $4,368,000.

I could go on giving item after item showing similar increases in expenditures between 1938-39 and the current year. May I also point out that it is not merely the comparison between 1938-39 and 1952-53 that is illuminating. Let us take the item of telephones, telegrams and other communication services under the departments of National Defence and Defence Production. For last year, which after all is fairly close to us, the amount spent was $3,477,000. The estimate for the current year is $5,239,000. Surely an increase of nearly $2 million this year under that single item suggests that we should have cost accounting methods applied to some of these figures.

So much for the figures put forward by the government itself. Other reasons have been suggested as to why there should be an examination of the administrative methods of various departments of government. These have been brought to our attention in connection with various activities of this government. For instance, the matter of the outbreak of foot-and-mouth disease, which has been under consideration both by parliament and by a committee of parliament, is examined impartially by a writer in *Maclean's* magazine of April 15 of this year under the heading, "Who is to blame for the foot-and-mouth epidemic?"

Mr. Speaker: Order. Has this matter not been referred to a committee?

Mr. Drew: No, Mr. Speaker; what I am about to read has no reference to the matter before the committee.

Mr. Howe: The subject matter certainly has been referred to a committee of this house where it is now under study.

Mr. Speaker: I think so.

Mr. Drew: Well, I will not press the point. I feel sure what I was going to put forward was not before the committee, but if the ruling is that reference should not be made to it I do not propose to insist.

Mr. Speaker: There appears to be some doubt about the point of order but the hon. member says he will not press it and I appreciate it.

Mr. Drew: Then I wish to deal with other matters that have been under consideration and which at the moment have not been referred to any committee. For instance, I would mention certain disclosures of the waste of public money as a result of thefts at certain military camps.

Mr. Howe: Once again I must object. This very subject is being examined at the present time by the committee on defence expenditures. It cannot be discussed in this house until there is a report by the committee.

Mr. Drew: I would point out that this subject was not referred to the committee on defence expenditures. If Your Honour will examine the terms of reference to the committee you will find they deal with what has been spent on defence, and existing commitments. What I propose to discuss has nothing to do with those commitments; it has to do with the administrative conduct of the department in relation to certain matters which have a bearing on the efficiency of government administration. Not only is this matter not before the committee; I would point out that the committee has refused to deal with it. Therefore I suggest that far from the existence of that committee being an argument against dealing with the matter I had intended to mention here, the very attitude adopted by the committee suggests why this is the place to urge an appropriate examination of the matter which will not be subject to any limitations such as those which have been suggested in the committee on defence expenditures.

Mr. Howe: On a point of order, I would be quite happy to have the leader of the opposition (Mr. Drew) proceed with the understanding that any subject he now cares to discuss is barred from current discussion in the committee on defence expenditures.

Mr. Drew: Well, Mr. Speaker, already there have been a number of ingenious methods of muzzling committees and muzzling discussion, but this is one of the most ingenious I have yet heard. Certainly I do not subscribe to any part of it.

Mr. Howe: I do not see how any matter being discussed in that committee can also be discussed in the House of Commons.

Mr. Drew: It is not being discussed there.

Mr. Howe: I have been reading the reports of the committee, and I have seen references to this subject. If you assure me it has not been and will not be discussed—and I accept the word of the leader of the opposition that it has not been referred to the committee—we can proceed accordingly. If he wishes to carry on I will be quite happy, but I think Mr. Speaker will rule that this subject, which can come under investigation by the committee, cannot be discussed in this house.

Mr. Drew: In an effort to co-operate with the minister, recognizing that he can speak on behalf of the government, I will offer an alternative proposal which would be much more effective. I would ask him on behalf of the government to assure the members of this house that tomorrow a wide-open inquiry will be started in the committee on defence expenditures in Petawawa, Farnham and other places where these thefts have taken place. If we can have that assurance it will dispose of the necessity for discussion.

Mr. Howe: I understand that certain matters now before the courts are sub judice. The leader of the opposition knows very well I could not draw a distinction between those matters which are sub judice and those which are not; but as far as the government is concerned I can assure the hon. gentleman that no decision has been taken which in any way limits the discussion in the committee.

Mr. Drew: I would point out, Mr. Speaker, that one of the places I referred to was Farnham. That is not sub judice to the extent that there are any legal proceedings. Those were disposed of long ago. Therefore the remarks of the minister would not apply to that camp. I still leave the matter open if he will give an undertaking the committee will be able to proceed with these matters. Certainly, I would have no occasion to mention the other at all.

Mr. Fournier (Hull): On another point of order before you make a ruling, Mr. Speaker, I should like to refer you to pages 1797, 1798 and 1799 of *Hansard* for May 1, 1952. This subject was dealt with by the leader of the opposition at length. At that time he made the same request for this investigation, and after he had made that speech on the motion to go into ways and means, we voted. I know that members are entitled to repeat themselves sometimes, but I think the hon. gentleman would be wise if he did not repeat a speech which has been made. This is the second time the hon. gentleman has made it. I could read nearly the same words as he has used this afternoon from the pages which I mentioned.

Mr. Drew: I have no thought of dealing with a matter that has been dealt with before. This motion has not previously been before the house during this session. I am speaking directly on the motion before the house.

I would point out to Your Honour that the terms of reference to the committee on defence expenditures are clear, and it could only be to the extent that any of these matters might relate to the subject actually under consideration by that committee that a discussion of these subjects could be precluded here. I would point out, Mr. Speaker, that the terms of reference set out in the appointment of the committee on defence expenditures simply authorize the committee to inquire into expenditures which have been made, and into commitments for defence expenditures. As for matters such as the failure of the government to protect public property, they are entirely different. What I am doing at the moment is merely to suggest to hon. members reasons why an examination of these matters would suggest ways in which public money could be saved by more efficient administrative organization of this and other departments of government.

Unless Your Honour rules against my reference to Farnham, which I thought had been dealt with some time ago, from the point of view of the committee on defence expenditures it would have no authority to deal with it. I would then propose to make a reference which simply supports my argument that we have had a very convincing demonstration of the necessity for an examination by experts of the ways in which public money could be saved, and public property protected, by ordinary business methods. I was only going to say this in connection with the camp at Farnham. We had some discussion of that earlier, and it was contended that what had happened at Farnham was exaggerated. I wish all members of this house could see Farnham and what happened to the camp there, and also see photographs of the excellent camp that was there before. Over the great area set aside for as fine a campsite as I have seen, there is nothing but lush green grass in places where there was a whole camp with wooden hutments, fitted out with wiring, electrical equipment and everything of that kind.

It is true that the administration building still stands and is being used as a drill hall; it is true that the powerhouse still stands; but as far as one can see everything else went. The suggestion that the loss was $3,500 is a severe strain on the credulity of anyone who can remember what the camp was, and who sees what has happened to it. Anyone who knows what miles of copper wiring would cost today, what furniture, electrical equipment as well as the buildings themselves would cost, must find it extremely difficult to understand how $3,500 could be stretched to cover the loss of the property that was standing there. For a while the deed was being done in the hours of darkness, but then the thieves became so bold that they carried on in broad daylight. The best possible illustration of how little supervision was being exercised over public property owned by the people

of Canada is the fact that one of the policemen down there told me that the thing was being done so openly he thought that these were government trucks and he actually escorted some of them away from the property when they were carrying stolen property. Now, that is just how far this has gone. If any large business found things of that kind happening within its own organization, experts would be quickly put to work to find out how a repetition of that sort of thing could be prevented, and how they could protect their own property as well as maintain the efficiency of each unit of their organization.

I am not going to enlarge upon these other things. They are before the house as well as before the committee. I feel confident that there is not an hon. member in this house, including the members of the government, who does not believe that there were ways in which something could have been done to prevent such a wide-open loss of property as the theft of a railway siding or things of that kind. All I am suggesting is that those are things which ordinary common sense would suggest be subjected to the examination of competent experts, so that they could present a recommendation to us as to how the administration of this department could be improved.

I only want to clear up one point in the event that it may come before this house at any time. The terms of reference to the committee on defence expenditures did not deal with the problem to which I am referring, and which has been referred to by the Minister of Public Works. The motion to set up the select committee on defence expenditures, which was presented to this house by the Prime Minister (Mr. St. Laurent), and unanimously approved, read as follows:

Mr. Fournier (Hull): On what date?

Mr. Drew: That was on April 3, 1952, and it read:

> That a select committee be appointed to examine all expenditure of public moneys for national defence and all commitments for expenditure for national defence since March 31, 1950, and to report from time to time their observations and opinions thereon, and in particular what, if any, economies consistent with the execution of the policy decided by the government may be effected therein, with power to send for persons, papers and records and to examine witnesses; and that notwithstanding standing order 65, the committee shall consist of twenty-six members to be designated by the house at a later date.

I suggest that consideration of ways in which the whole system of administration could be better carried out, that there could be a better integration of the activities of different departments, for instance the Department of Justice and the Department of National Defence, the Department of Public Works and the Department of National Defence, which are so closely related in so many activities, and the activities of other departments, would not come within the terms of reference of that committee. It is for that reason I am suggesting the advisability of an inquiry which will permit an examination of ways in which the whole business of government, as one integrated responsibility, could be brought to the highest possible measure of efficiency.

Mr. Speaker, the motion that I will present is one that simply calls for an inquiry into the organization and general efficiency of government administration, as well as the possibility of co-ordinating all public services and departments, and also the assurance of the recognition of the responsibilities of civil servants and the recognition of their position within this administrative system.

I would point out that in this simple form a commission of this kind can achieve great results. I again refer to the commission which was appointed in the United States, known as the Hoover commission, of which Mr. Hoover was the chairman. It simply was asked to deal with the general problems of organization and was described as—and I quote the words—"The commission on organization of the executive branch of the government". Those were the exact words in which that commission was officially described.

Whether the government and congress of the United States have or have not implemented all the recommendations which were made by that commission, the fact remains that a commission made up of businessmen and women of the highest standing, acting under the chairmanship of a great businessman who was also an ex-president of the United States, made recommendations which they estimated would save $5 billion a year. It is not for us to challenge the wisdom or otherwise of the government and congress of the United States in their adoption or not of every detail of those recommendations. But we can examine the recommendations which were made and see that in an examination of a somewhat similar form of government and a representative body—although their congress is different from our parliament—there were specific recommendations which dealt with the very kind of subjects that might be dealt with here.

When the Hoover commission was appointed there was no suggestion that this was a fishing expedition to find any wrongdoing or anything of that kind. On the contrary, it was clearly stated that the responsibility for anything of that kind rested

with congress or with the committees of congress. It was simply argued—and the argument was accepted by congress—that where there had been such a tremendous expansion of administrative activity it was inevitable that there would be duplicating services, that there would be branches of departments where similar activities would be carried on without anybody knowing about it, and that saving could be made by an over-all examination of this subject.

I have reason to recall some rather illuminating examples of the way in which these things can happen even under highly efficient units, whether of government or of public services. I recall a time when there was introduced in the Ontario legislature a measure to co-ordinate the research activities which came within the field of jurisdiction; and I would remind hon. members that in Ontario, as in other provinces, there is an excellent research organization maintained by the government. When that bill was before the house to provide a measure of supervision over research and to try to co-ordinate research, some extremely interesting things were ascertained. For instance, it was found that in three different places, each entirely unknown to the others, research was being conducted into the blood disease in partridge. That is not an unimportant thing because birdlife is, in itself, an important thing; and this blood disease was decimating the partridge population of the province. Any one research bureau supported by the skill available would have been able to do the job much better.

There were similar research activities being carried on. There was no thought of wrongdoing. There was no thought of any deliberate evasion of responsibility. On the contrary, many people were so anxious to do a good job that, without finding out whether anybody else was doing it, they were pressing forward in research of various kinds.

Here under the government we find, for instance, that there are economists under the various departments. There are economists under the Department of Finance. It was pointed out that there are many more economists in the Department of External Affairs than there are in the Department of Finance. Possibly an examination by experts might suggest that some co-ordination of the activities of some of these economists might bring to every department a wider knowledge of the economic factors and also avoid unintentional but costly duplication. That is the sort of thing which ordinary business would regard as absolutely necessary.

There is also, Mr. Speaker, the question of the civil service. Here there is a situation which calls for examination; and it is one in regard to which I should think the members of this house would welcome advice. At the present time we have a large payroll of men and women who are performing civil service duties but who are regarded as temporary civil servants. I think that it is to the advantage of the government and of the people of Canada that, except where work is obviously of a strictly temporary nature, everyone who is doing this kind of work and is in fact employed as a civil servant should be on the regular civil service payroll and should have the protection of the pension arrangements and other measures of security provided for regular civil servants.

I believe it is in the interests of the efficiency of government administration that, except where the employment is really temporary, those employed in services of this kind should be civil servants with the standing of civil servants, and that the ordinary promotional rights should be available to all of them so that the morale of our public employees may be maintained at the highest level. After all, personnel management, the examination of methods of employment, the plans which are made for the most effective use of every type of skill are all today an essential part of the administration of any business; and surely that statement applies with even greater force to the business of government.

When you see these figures indicating the immense expansion of the business of government from the years 1938-1939 to the present year; when you realize the enormous increase in the spending by this government of public money; when you realize that this expansion has taken place under pressure, and that in many cases the primary consideration, and the main consideration, was speed, rather than economy: then business common sense would suggest the desirability of an examination of this nature.

After all the Minister of Defence Production (Mr. Howe) is the first to realize that in many instances his primary concern was necessarily to see that some organization was set up which could do a job with speed, without, of necessity, waiting to find out whether some of the functions of that particular department were already being performed by some other branch of the administrative organization of government.

All these things suggest reasons for the appointment of such a commission. It does not need to be emphasized, surely, that the expenditure of public money has now reached proportions which could conceivably be very dangerous. After all, this fortunate land of

ours is not immune from those difficulties which other nations, as well as this nation, have encountered from time to time. We must be extremely careful that we always have some slack which can be taken up; that we have some reserve of economic strength to meet any storm which might conceivably not be under our control, as well as those storms which might be greatly accelerated by the action of the government itself.

When we see the level of taxation in this country, when we realize the burden that this imposes upon the people of Canada, then surely no one should argue against any step which would assure the utmost efficiency in the expenditure of these huge sums, and in the saving of every dollar that could be saved. Mr. Speaker, if all the assurances given from time to time by this government were to be taken at their face value, including the assurance by the Minister of Finance (Mr. Abbott), so lightly given, that no economies can be effected and are not being effected, even so, I do not think one needs to go beyond the reports of the daily press to see that there are many people in this country, regardless of politics, who do not share that conviction. That being so, it would be to the advantage of this government if they had a report from such a commission which in fact did substantiate the claim they are making. By chance they might get such a report, but I frankly say that the Minister of Finance himself would expect no such report. I think he would be the most surprised man in this house if such a report were made. But even if such a report were made, it would be worth the effort to reassure the public that our dollars are being properly spent, and most effectively spent, for the defence of our economy and for the defence of freedom itself. Therefore, Mr. Speaker, I do hope that the government will not simply say, "We have dealt with this before; we have expressed our opinion." This has been argued before, as the Minister of Public Works (Mr. Fournier) suggests. I hope that they will recognize how helpful such an inquiry could be.

May I suggest another reason why it is essential that an examination of this nature should take place. Without entering into any arguments as to the motives or otherwise, the simple fact remains that, no matter what taxation powers are conferred upon the provincial governments, their ability to tax for the purpose of maintaining the services which they must give under our constitution is very largely measured by the number of dollars that remain in the pockets of Canadians after those dollars have been drawn away by the dominion government.

There are only so many dollars in the pockets of all the taxpayers. Whether those dollars are withdrawn by the dominion government, the provincial government or the municipal government, they are the same taxpayers and they are the same kind of dollars. Therefore we must examine with some concern the fact that whereas in 1938-39, the base year employed by the government statisticians themselves in those comparative figures they have been preparing, the amount withdrawn by the dominion government in taxes of the total taxes collected in Canada was 49 cents in every total tax dollar paid by the people of Canada, leaving 51 cents out of every tax dollar available for the provincial governments and the municipal governments. This year, on the other hand, 73 cents of every total tax dollar paid by all the taxpayers of Canada will be taken by the dominion government, leaving only 27 cents of each total tax dollar available for both the provincial and the municipal governments.

When it is remembered that those provincial and municipal governments do many of the things that are most essential to the daily comfort and well-being of our people, and when it is remembered that the ability of those governments to carry out their responsibilities must depend upon the availability of financial resources, then I do suggest that the danger signs are already flying, and that the danger to the survival of our federal system should be in the minds of all hon. members when this subject is being considered. If there should be progressive invasion of the total tax field continuing at the same accelerating rate in the years ahead, it would not be long before the federal government would be so completely exhausting the available tax resources of Canada that no matter what the constitution said as to their responsibilities, duties and rights, the provincial governments and the municipal governments would find themselves mere annuitants of the dominion government. That is a situation which could be very much in the minds of all hon. members when the suggestion is made that on a businesslike basis, seeking nothing but increased administrative efficiency, there should be set up a commission which would have in its membership the very best brains available in Canada —and those are the very best brains available—so that they can examine this subject impartially, objectively and with no other purpose in mind than the improvement of the business methods of the business of the people of Canada.

Mr. Pouliot: Who are the best brains of Canada?

Mr. Sinnott: On the Liberal side.

Mr. Drew: I would be very happy if the hon. member for Temiscouata, in supporting the motion that I have to make, will suggest the names of those who should be on the commission.

Mr. Pouliot: I am not a mind reader.

Mr. Drew: In any event, may I suggest that what is put forward is a principle, and if the principle were accepted then the responsibility of naming those who would constitute the commission would be on the government, and I feel sure that the government would welcome suggestions from the hon. member for Temiscouata.

Mr. Pouliot: Therefore your speech is purely academic.

Mr. Drew: No, my speech is far from academic. My speech is a speech devoted to an attempt to improve the business administration of the government of Canada. My speech is also one which brings my remarks within the rules of the house, and it is for that reason the motion is presented in the form in which it will now be read.

Mr. Fournier (Hull): It is closely political.

Mr. Drew: Mr. Speaker, the Minister of Public Works (Mr. Fournier)—

Mr. Fournier (Hull): But perhaps I am not a good judge.

Mr. Drew: Oh, there is no better judge in the House of Commons than the Minister of Public Works, when it comes to doing something for political considerations. And I have no doubt the reason he interjected that remark is that probably in—well, shall I say, six constituencies—he has been subjected to certain very recent and vigorous demands.

Mr. Fournier (Hull): Oh no; Mr. Speaker, on a point of order I must point out that I have not been subjected to any pressure, from one party or another, for any of those elections. I have not been in those ridings—although I may be in one where the hon. member spoke yesterday.

Mr. Drew: I feel sure the minister would be welcomed there, because if he did go there some of those who are under the impression that requests have been made to him would be able to present their requests in person. Because most certainly the suggestion is being made not only that recommendations have been made but that promises have certainly been given.

[Mr. Pouliot.]

Mr. Fournier (Hull): Oh, no, Mr. Speaker. Again, on a point of order, the leader of the opposition will have to take my word that I have made no promises. I avoid making them while there are by-elections going on. I would not do that.

Mr. Drew: Possibly that genial smile of the Minister of Public Works misled some of those who were in conversation with him.

Mr. Fournier (Hull): They are not that naïve.

Mr. Stewart (Yorkton): Did I understand the minister to say that the leader of the opposition had spoken yesterday?

Mr. Fournier (Hull): It may have been Saturday; perhaps I made a mistake.

Mr. Drew: Mr. Speaker, I move, seconded by the hon. member for Vancouver-Quadra (Mr. Green):

That all the words after "that" to the end of the question be deleted and the following substituted therefor:

"consideration should be given to the matter of appointing a royal commission for the purpose of examining and making recommendations for:

1. Improving the organization and general efficiency of government administration.
2. Co-ordinating all public services and departmental activities of a similar nature.
3. Assuring to all members of the civil service full recognition of their responsibilities.

The said commission to make findings and recommendations and to report the same to parliament."

Right Hon. C. D. Howe (Minister of Defence Production): Mr. Speaker, I have listened with a good deal of interest to the speech of the leader of the opposition (Mr. Drew). I heard pretty much the same speech from him a few months ago, and I have enjoyed both of them.

The suggestion is that we employ the best brains in the country to examine into the work of government, and to set up a form of government that would be more efficient than the present. Well, I must say that if I know of any available good brains in the country I ask them to join the Department of Defence Production—as I asked them formerly to join the department of munitions and supply. I think many of the people recognized as leaders in industry in this country have served the government in one or other of those departments.

And I have not been alone in doing this; other departments have followed the same practice.

Mr. Pouliot: And the treasury benches.

Mr. Howe: I have a feeling that we have had expert advice, most certainly in those sections of government that constitute the great spending departments; and I believe we

have taken full advantage of the expert advice we have been able to draw from outside the public service.

But I am not admitting for one moment that the heads of the civil service in Canada do not represent the best business brains in our country. I think that in the permanent service of Canada we have men who are the equals of men in private business, so far as the efficient operation of the business with which they are associated is concerned. And I venture to say that a great number of businessmen who at times have been in the service of the government would support me in that view. Now, today—

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

Mr. Howe: No; please do not interrupt. I did not interrupt you.

Mr. Drew: I did not wish to interrupt.

Mr. Howe: A most extraordinary comparison has been made today between the expenditures of government in the year 1938-39 and the year 1951-52. In the first place the gross national product of Canada in 1938-39 was between $5 billion and $5,500 million. The gross national product for the years 1951-52 was $21,400 million. I suggest we should take into consideration the fact that the productivity of Canada which, after all, is the responsibility of the government of this country, has more than quadrupled in that period of time.

Then, 1938 was the year before preparations for war were undertaken. It was a year of minimum expenditures for armed services, a year before there was any active preparation for war. Since that time we have been through a great war that has added tremendously to the debt of Canada, and we are now engaged in defence preparations which, while not on the scale of those of the great war, are still on a scale unthought of in the year 1938.

It is well to remember that since 1938 this or preceding parliaments have added expenditures amounting to more than a billion dollars a year for social services, which were not included in departmental estimates in 1938. It is also well to keep in mind that in the year 1951-52, the year used for purposes of comparison, in the neighbourhood of $2 billion is being spent for defence production and defence. Therefore I suggest that to compare the expenditures of 1938 with those of 1951-52 is a comparison which has no validity whatever.

There has been mention of professional services. In ordinary peacetime outside professional services employed by government are not extensive. Government departments prepare plans for and supervise the construction of public buildings, and few outside services are required. However, at a time when defence production is at its maximum, extensive professional services are required. Practically all defence designing is carried out by architects retained by the government for that purpose. Designs for artillery projects and for many other special defence products, such as motor vehicles, are prepared by professional men brought in from industry for that purpose, because they have the special skills required. Therefore I think there can be no validity in the comparison that is made with regard to professional services retained by the government in 1938-39 and those retained in 1951-52.

With regard to travelling expenses, in 1938-39 we had no army in Korea which was travelling back and forth between Canada and that country; we had no army in Germany; we had no headquarters in England and we had but few travelling expenses associated with defence such as are included in the 1951-52 estimates.

I doubt if travelling, except for defence, is any more extensive now than it was in 1939. The cost of travelling has increased—we all know that it has for private individuals also. I suggest that if we eliminated all other travel that was not incidental to government in 1939 we would find that the travelling expenses of this period differ from the travelling expenses in 1938 only in relation to the increased cost of that travel.

Then in the matter of telephones and telegraphs, here again we have teletype service to the United Kingdom for defence purposes, as well as a teletype service to Washington where we have an extensive military personnel. There is a teletype service to Japan and all the other services in the way of communications that must be kept up when you have an army in the field and defence equipment spread pretty well around the world.

Then we talk about films. We had no film board in 1938-39. This was a service established in later years; whether it was wisely done or not I do not know. I must say that personally I am not a great advocate of an extensive excursion into films by the government of Canada. However, there are others in this house, probably the majority of the members, who are in favour of that excursion. If we want the government in the film business, we have to pay the bill. Why complain that we are spending more on films in 1951-52 than we did in 1938-39? Of course we are.

Now we speak of temporary civil servants and the suggestion that all civil servants should be made permanent. I suggest that at the proper time they are made permanent. I am the head of a department that has no permanent civil servants; all are temporary unless they have been transferred from permanent positions in other departments. That is as it should be. We are not going to carry on defence production for ever and I regard the department as temporary. I hope I shall live long enough and be long enough in the public service to wind it up as I had the privilege of winding up the department of munitions and supply after the last war. Surely my hon. friend does not want the men and women in my department to be made permanent.

It is customary when a man comes into a department that he shall be considered temporary for a sufficient period to allow the civil service commission to judge whether he is qualified for a permanent place in the civil service. Surely it would not be a step in the direction of efficiency to eliminate that probationary period and say that whenever a man entered the service he must be permanent from the time he signed on the payroll.

We have in Canada a civil service commission which I believe is competent to deal with personnel matters. The commission makes periodic surveys of every department in Ottawa and recommends changes in personnel or in the size of the establishment in order to bring about greater efficiency in the use of personnel. I believe that that commission is competent and I do not think the best brains in Canada would do a much better job in a short length of time than the civil service commission can do by working year in and year out, month in and month out on that one particular problem of bringing about efficiency in the use of personnel in government departments.

Then we have the treasury board to scrutinize every expenditure of government. I do not know about the best brains in Canada, but I doubt if you will find a more competent or devoted civil servant than Mr. Bryce, the assistant deputy minister of finance who heads the permanent staff of the treasury board. Mr. Bryce does not function alone. He has a staff of expert accountants and financial men who deal with every expenditure made by the government. Possibly you might be able to get from the great brains of Canada men with a wider reputation but I doubt if you will get men who would take on the detailed day to day job and do it any better than it is being done today by the treasury board under the supervision of a committee of cabinet headed by the Minister of Finance (Mr. Abbott).

We have had these great sweeping movements in Canada before. I am not very good on dates, but I think it was in the twenties that a move was made to bring in great brains from the outside to reorganize the government of Canada. A firm from Chicago was brought in, and here again I do not remember the name.

Mr. McIlraith: Griffenhagen.

Mr. Howe: Do you remember the year?

Mr. McIlraith: 1919.

Mr. Howe: That would be under Mr. Meighen's government. The report of Griffenhagen's firm is available. I was not associated with the government service at the time, although I had been in the government service years before but I took great interest in the operations of the Griffenhagen firm. The tension within the civil service grew so great after the government had retained this firm that the problem of the government became to find a way of winding up the work in order to send the investigators back to Chicago. But that was not done until chaos had been created in every branch of the civil service. I suggest that any hon. member who wants to bring in a committee of great brains should consider the experience of the Meighen government in that connection and study the record of the Griffenhagen firm in doing that particular job.

We have a different system of government in Canada than that in the United States. It is true that the Hoover commission was appointed in the United States and recommended a reorganization of the government. However, it then devolved upon congress to carry out that reorganization and so far as I am aware congress has acted only to a very limited extent. It is my belief that the savings indicated in the Hoover report as being possible have not been made.

As I say, we have a different form of government in Canada than they have in the United States. It is the duty of this parliament to examine the organization of the departments of government and the expenditures made by those departments. You have before you, in the current estimates of the departments, a record of every expenditure that can be made in 1952-53; you have the name and salary of every civil servant in the government service, and the details of his duties. Any hon. member of the house has the right to criticize any department and to ask the minister any question that can be invented. It is the duty of the minister to be

here accompanied by his officials and ready to answer every question that can be asked.

I would be surprised if it were possible to make savings on the scale indicated by the leader of the opposition (Mr. Drew). In the seventeen years I have been in this house I have never found that an examination of the estimates has led to any very substantial reduction in the expenditures recommended by the government. I am not suggesting that these reductions have not been made because it is not practical to make them. It is practical to make reductions if a majority so wishes. I do suggest that the estimates, after they have been scrutinized by the responsible ministers and by treasury board, are in a form that does not permit of any obvious or substantial savings such as could be determined by any commission, even though made up of the best brains in Canada.

I have no objection to investigations. During two periods I have been the greatest spender in the government service. During the last war I was responsible for the expenditure of about $13 billion, and before this preparedness period is over I suppose I will be responsible for the expenditure of another $5 billion. I welcome any investigation of that expenditure that parliament can arrange. As a matter of fact throughout the war years we had a committee on defence expenditures sitting continuously while the house was in session, examining those expenditures.

Mr. Coldwell: And it sat between sessions.

Mr. Howe: Yes, and it sat between sessions, as my hon. friend has said. We facilitated any investigation the committee cared to undertake. If they wanted to investigate a particular plant we arranged a trip to the plant and made the plant officers available. That type of investigation was quite all right. It kept my officers on their toes. It was an indication to them that they had better have their facts and files in shape since they might have to face that committee at any time. I am glad indeed that another committee on defence expenditures is sitting, for here again I believe it will have a salutary effect on my department. By the same token, if I believed an outside commission composed of great brains, or a more competent body than was available within this House of Commons, could do a better job I would welcome any investigation such a commission might make.

As I say, however, we try to bring within the department men who are drawn from business, who have a record of success in business and a record of efficiency in operation. We make such men responsible for expenditures. Not long ago we brought the Gordon company in on a particular problem; they are efficiency experts in Toronto. A report was prepared on the salaries and organization of the personnel of government departments. That report was submitted, and it has been implemented. Salaries were adjusted accordingly, and today the Gordon report forms the background of the scale of salaries in all government departments. That was a useful service; it took several months, but it was a limited job. That firm carried out its instructions and used a number of its personnel to examine the work of the senior officials of the service, and suggested improvements in the organization and appropriate salary scales commensurate with the responsibilities of each officer.

Mr. Fulton: How long ago was that?

Mr. Howe: Just after the war, when the departments were being reorganized back to a peacetime basis.

I do not know that I can usefully add any more to this discussion. I do suggest that there is no call for the adoption of the motion that has been moved by the leader of the opposition. In my opinion he has given no supporting facts which would help him establish his thesis that a royal commission could do a useful job in reorganizing the government service at a time when the services of our leading civil servants are largely engaged in defence preparations, and when that situation extends not only to the immediate departments concerned with such preparation but to most other departments of the government. Therefore, Mr. Speaker, I sincerely trust the motion of the leader of the opposition will not carry.

Mr. M. J. Coldwell (Rosetown-Biggar): At first glance, Mr. Speaker, there is something quite attractive and quite plausible about a proposal of the sort contained in this resolution. The Minister of Defence Production (Mr. Howe) has made a number of the criticisms I had in mind when listening to the speech of the leader of the opposition (Mr. Drew). Apart from the attraction it may have to the man on the street, apart from the fact that it is what I might call a plausible suggestion, nonetheless we have to bear in mind that the establishment of a royal commission for the purposes outlined in this amendment in effect would be an abrogation of the duties—not the rights but the duties—of this parliament. If we as members of parliament have any real function in this house it is that we must control the finances and the administration of this country; yet here it is proposed that we abrogate those responsibilities and place them in the hands of a royal commission. For that reason I would oppose the amendment.

As a matter of fact it has been possible to move this amendment this afternoon

because, under our system of government, when we are discussing the administration of the government and its financial responsibilities we as private members have the right to introduce any subject we wish and to move any amendment we feel is in the interests of this house and the country. I assume that is why the leader of the opposition has moved this amendment, because he feels it is in the interests of the country. Certainly he knows he has the right to do so. But I say the first obligation and indeed the first right of this house is to control those things that come under the heading of administration, particularly the provision of money to enable that administration to be carried on.

At times it is a good thing to hire efficiency experts. As the minister indicated a few minutes ago, the government hired such experts to advise it on some of the departmental questions in connection with civil service appointments and responsibilities. Other governments have done the same thing. At present I believe the government of British Columbia has a group of efficiency experts working along similar lines. The government of Saskatchewan went into their civil service through efficiency experts, just as the minister indicated the government of Canada did when it appointed the Gordon company to do that job. But I believe we have to be careful in this parliament lest we approve of government by order in council; and I think an equal evil would be government by royal commission. A royal commission under some circumstances can perform a very useful function. If the leader of the opposition were this afternoon moving for the appointment of a royal commission to inquire into some particular alleged extravagance of the government or something of that sort, then I think the house would be well advised to consider such a proposal and to support it. Every one of us, at least on the opposition side of the house, should be anxious to promote the greatest measure of economy possible.

I am in agreement with some of the criticisms that have been made by the leader of the opposition. I have observed what I thought to be unnecessary travel, for example, in connection with the Department of National Defence. In my goings and comings across this country from Saskatchewan to Ottawa or from Ottawa to some other place, I have observed a number of servicemen. In fact, one of the conductors on one of the trains said to me that if it were not for the constant movement of men going down east for sometimes as little as two or three days training or going west for the same purpose, there would be very few passengers. This was true of the train on which I was at that time. That sort of economy is the responsibility of the government. We on the opposition side of the house, and indeed those on the government side of the house, must hold the government responsible when matters of that sort are criticized.

When there is a particular inquiry to be made, commissions may perform a useful function, but royal commissions with blanket terms of reference are not as useful. The one that was appointed in Canada in 1919 did nothing. Following world war I there was in the United Kingdom what was called the Geddes commission, sometimes called the Geddes axe, and all it did was to recommend that social services, which were in a very primitive condition, should be restricted. So far as the Hoover commission is concerned, the Minister of Defence Production (Mr. Howe) was quite right when he pointed out that the forms of government in our two countries are not only substantially different but in many respects quite different. For example, from day to day we have the ministers who are responsible for the administration of the various departments sitting on the floor of this house. Any hon. member, whether he sits on the front bench or the back bench of any part of this house, whether he sits in the government party or in the opposition parties, may rise and question the minister responsible whenever he thinks he has an urgent matter upon which he wishes to question him.

Then, too, when the expenditures of the department are before the house in the form of estimates, any member can rise in his place and question the minister regarding any expenditure of that department. This cannot happen in congress because the members of the president's cabinet are not members of the congress or of the senate. They are persons who are chosen by the president as his advisers, and are not directly responsible as our ministers are responsible to our House of Commons. The president's advisers are responsible directly to him and indirectly, if you like, to congress through appearances before the committees of congress. The conditions are very different indeed. So far as a committee like the defence expenditures committee is concerned, when it was established we supported it and we will support it again. But we have two committees at least which, if they are doing their job as they should do it—and this house should insist that they should have the right to do it—make suggestions of this sort quite unnecessary. We have the defence expenditures committee and the public accounts

committee. If these two committees function properly, and members of parliament are doing their duties as members of parliament, these committees should do all that it is proposed a royal commission of this description could do.

If we cannot do the job, then we admit we are failing in the obligations that we have assumed as members of this house. I know how difficult it is in a situation such as we have at the moment, when the government has an overwhelming majority. The house always has the right to withdraw confidence from the government of the day. But even if we felt that they were not carrying out the administration as we thought it should be carried out, I imagine we would have a very difficult job to persuade a majority of the members of this house to express want of confidence in the administration. This is a weakness, but it cannot be remedied by a royal commission; it can only be remedied by the people of Canada. So long as the people of Canada elect governments with overwhelming majorities, so long will it be impossible for those of us who want to criticize the administration to withdraw the confidence of the house from the government of the day. However, that goes right back to the people of Canada who, wisely or unwisely, chose to elect a parliament with that composition. I think it was unwise, but of course that opinion is not shared by many other members of the house.

This is a parliamentary institution, and I think that whenever we remove from this parliament to a commission or committee something that is the proper function of this parliament, we weaken this institution in the eyes of the people. In these particular times with the threats to democratic governments and democratic institutions across the world, we should be doing everything we can to strengthen those institutions rather than to weaken them. I know that, as the leader of the opposition has said, probably if we went into all the details of the activities of the government we might find duplication. I know that there are certain duplications which are part of the constitutional set-up of this country. We have two houses of parliament where we have two official languages. An hon. member suggests that we have two post offices in this building, and that always appeared to me to be a duplication of effort. We have an independent House of Commons and an independent Senate. The Senate demands its rights, and the House of Commons demands its rights.

Mr. Pouliot: That is pure British tradition.

Mr. Coldwell: Of course it is British tradition. The two houses, of course, involve that kind of duplication. There are other duplications that we could find, but in this respect I agree with the minister, that the group of financial experts and economists who are giving day to day attention to these matters are men in whom many of us who know them have the utmost confidence. The Minister of Defence Production mentioned Mr. Bryce. I do not know if hon. members of the house know the background of Mr. Robert Bryce, but if they did they would realize that he is a public servant imbued with the idea of service to his country when he might have been making a tremendous amount of money for himself privately had he cared to do so.

Fortunately for Canada we have in our civil service a large group of that type of person. I am glad that we have been able to gather into our departments—external affairs, finance, the Bank of Canada, the social services and so on—men and women who, I am convinced, are anxious to serve their country to the best of their ability in the fields in which they think they can be of most service, not to themselves,—although I have no doubt that they get a great satisfaction out of it—but to their country at this time.

I am therefore of the opinion that this amendment should not be approved by the house. I have given the reasons for my opinion. The principal reasons I gave at the beginning, namely that it would be an abrogation of our duties as a parliament and it would tend further to undermine the confidence of the people in this institution which, with all its faults and defects, I think is yet the best kind of institution that man has been able to devise for his own self-government.

Mr. Solon E. Low (Peace River): Mr. Speaker, what the leader of the opposition (Mr. Drew) has brought before us this afternoon undoubtedly is a question with which the general public have been greatly concerned over the past several months. I think that the leader of the opposition has spoken of some of the fears and the doubts perhaps that may be in the minds of the people. I know that I have run across a great deal of uneasiness as I have travelled amongst the public and have talked with them. That uneasiness is easy to understand.

In the first place they see our country in peacetime, apparently—at least in what they have considered was peacetime—raising by taxation and spending over $4 billion a year. That is something which is unprecedented in Canadian history if not in the history of the world. That fact alone makes them feel uneasy. To bear the burden

of taxation they now bear in peacetime leads them to suppose that all is not well. Their minds naturally turn to parliament where their representatives meet, and they wonder why something is not being done by their representatives here.

The second cause for some uneasiness in their minds is, of course, the information that gets out to them with respect to the extremely large amount of money that is now being expended each year on social services. The parliamentary assistant to the Minister of Finance just the other day, I think it was, emphasized the fact that there were transfer payments by this government to provincial governments and through them to the public of something like $1½ billion a year for social security alone. That is something that the public mind has not yet adjusted itself to; and for some time it is going to be a problem for the people to make that adjustment. They naturally turn to the members of parliament to investigate, to assure themselves that all things are above suspicion, and to report back to them.

There is also the suspicion that all is not well in government when the people see such things as those that have happened at Petawawa and in the Department of National Defence from one end of this country to the other. You cannot blame them for feeling suspicious.

Mr. Byrne: Why connect that matter with social services?

Mr. Low: I did not hear what the hon. member said, but it must be inane; otherwise he would not have said it.

Mr. Byrne: I said: Why connect that matter with social services?

Mr. Low: The fact is that there is considerable misgiving on the part of the general public today, and something will have to be done to set their minds at ease.

A good deal has been said here this afternoon about the question of investigating the whole of the government's set-up and the leader of the opposition has moved, to the motion to go into supply, an amendment asking that consideration be given to the matter of appointing a royal commission for the purpose of examining and making recommendations on a number of things; I will not take the time to read them. But in the course of the debate thus far suggestions have been made to the effect that we have all the machinery necessary to make the investigation and to find out all these things that we need to know, as representatives of the people. We may have, Mr. Speaker, but up to this time we have depended largely upon the committee method of investigation. In my judgment and experience, there are some serious weaknesses to the committee method of investigation. In the past those investigations have left a great deal to be desired.

I have had some experience on both sides of this thing, Mr. Speaker. Since 1945, I have had experience on the opposition side of parliament; and up to that time for a period of ten years I had experience on the government side elsewhere. I have therefore seen committees in action from both sides. I have come to the conclusion that committee investigations are not very useful when it comes to bringing out information in connection with such things as we now face in, let us say, the Department of National Defence. As a matter of fact, they do not resolve anything very definitely at any time. I am not speaking of the usefulness of a committee in examining estimates. I think that is a proper function of a committee; and our experience here in connection with the external affairs committee has shown that a committee of that kind can perform a useful function. In that committee I think we have done a good job. But we have not had under consideration such things as are named in the amendment that was moved this afternoon by the leader of the opposition.

There are, of course, a good many weaknesses in the committee method of investigation or inquiry, but I am going to take time to mention only two which, in my judgment, stand out. In the first place, the membership of these committees is weighted to favour the government.

Mr. Byrne: Why should they not be?

Mr. Low: As a consequence, the party that is on the defensive is always able to out-vote the people who are making the accusations or who may make accusations. You cannot get anywhere in that way. No matter how bad the information may be, no matter how damning of the government it may become, the opposition has no power whatever in those committees and the reports that are brought back to this house simply mean nothing.

An hon. Member: A whitewash.

Mr. Low: Surely it is a whitewash. That is the first thing. The hon. member for Kootenay East (Mr. Byrne) says: "Why should they not be?"

Mr. Byrne: I would just draw to the hon. member's attention the fact that in Alberta the membership is heavily weighted on the government side, and questions have been evaded there much more seriously than they have been here in the House of Commons.

Mr. Low: Mr. Speaker, it just happens that we are not discussing the province of Alberta just now. In the second place, I said that I am going on my experience both there and here. It is just as serious there as it is here. It is just as serious in the hon. member's own province as it is here or in the province of Alberta. The important thing that I am trying to bring out is that the committee method is unsatisfactory first because those committees are appointed in such a way as to be heavily weighted in favour of the government. In those circumstances no possible findings of any consequence would ever get back or be reported back into the House of Commons.

Mr. Blue: Who demanded that the committee be set up, the opposition forces or the government?

Mr. Low: Mr. Speaker, if that has any bearing I will say that if the ones on the opposition had not asked that it be set up, it never would have been; and secondly, even when their requests are granted, the government makes it impossible for the committees to be of any use.

The second reason, Mr. Speaker, why these house committees are practically useless is this: A committee inquiry all too frequently assumes the nature of a political campaign. I sat in on some of the meetings of the committee that is examining into the foot-and-mouth disease for just a few brief moments the other day. I am not going to say anything about that, sir, but when I came away I was under the impression that the Saskatchewan election was being fought there.

Mr. Ross (Souris): Hear, hear.

An hon. Member: From both sides.

Mr. Low: Yes. I am not saying it was just the one side; but the point is the election was being fought there, and as a consequence I doubt very much whether, when the committee's findings are brought in, they will be worth anything to anybody. I will say that the report that comes back to this house will be watered down until it will be—well, it will not even be milk white.

I quite realize that it is the duty and the responsibility of the members of this House of Commons to be the watch dogs of everything that is being done, the watch dogs on behalf of the people. It is our duty to scrutinize expenditure, and to do everything that we possibly can to protect public property and to safeguard and to save the taxpayers' money. Otherwise we cannot justify our existence. I know that. But I want to say one other thing in that connection, Mr. Speaker, which I think every hon. member has thought of at one time or another, whether he is on the government side of the house or on the opposition side. A number of practices and habits have grown up in our conduct of affairs in this parliament which make it almost impossible for the members to perform the function for which they were sent here. I refer, for instance, to the outmoded archaic rules of this house. They are outmoded, and as a consequence my hon. friend the Minister of Public Works (Mr. Fournier) is getting a furrowed brow long before the time that he should.

Mr. Fournier (Hull): Nobody agrees to change them.

Mr. Low: He is worried about getting things through the house.

Mr. Fournier (Hull): How?

Mr. Low: Because of the outmoded rules we do not make the progress that he would like to see, and that many others would like to see. But because of the fact that so much time is given to other parts of our business we never get down to the consideration of the estimates of the departments until about the time when there is a whole lot of effort on the government side of the house to hurry things on, to get us away home. There seems to be a desire to get us out of here so that other things can be done. I do not blame them; they have other work to do; but, Mr. Speaker, if this parliament is what it is supposed to be, it will sit here until the business of the house and of the business of the country is completed, and in a satisfactory manner, no matter how long it takes. But the haste to get through the estimates at the tail end of the session makes it impossible for the members to do the job which the government spokesman today said we ought to be doing, and which the leader of the C.C.F. party said this afternoon we ought to be doing.

I have tried to keep up with affairs in this house, and I have tried to get time to go into research and find out for myself exactly what is going on, and where it would be possible to save money, to avoid duplication, and to carry on the business of the country in a businesslike manner. But I want to say here, Mr. Speaker, that it becomes at times intolerable for any hon. member; if he is in earnest and sincere he finds his time so divided, so rushed and so regimented that he cannot do the research that is necessary. We on the opposition side of the house are denied the adequate staffs to do our research for us. Some hon. members may have access to something that I do not know, but believe me it has been very difficult for me to get access to the kind of assistance that I require

to make a comprehensive investigation into the things that I would like to see investigated.

Our time is all too limited. I know, Mr. Speaker—

Mr. Denis: Too much talk.

Mr. Low: Well, perhaps there is, but I will just say to you, Mr. Speaker, that the hon. member cannot blame me for too much talk. I do not speak too often in this house, even if I am the leader of a group. I try to speak only as frequently as I feel it is absolutely essential in the interests of the people.

Mr. Denis: I mean the opposition as a whole.

Mr. Low: Well, I will take up that challenge for just a moment. What are we here for? I will tell you, Mr. Speaker, that there has been altogether too much of an attitude on the part of the government that the opposition is just a bunch of nuisances. I will tell you right now that if the opposition would just band themselves together, as I have suggested on a number of occasions, and organize themselves carefully, they would get back from this government powers that have been arrogated to themselves by a group who disregard the rights of parliament. We will never get them until we unify our efforts in this opposition for this purpose.

It seems to me that one of the important things that we have to do right now is to restore to parliament its rightful place, its sovereignty that has been stolen away gradually, step by step, by a government that disregards the sovereignty of the people.

I suggest, sir, that there are two things of course that we might do. Certainly I acknowledge them. The first thing I think we have to do is to change the rules and the practices of this house so that there can be time and opportunity for full investigation. I have been advocating that for a long time, but somehow or other we have not got very far with it.

Mr. McIlraith: The opposition will not agree.

Mr. Low: There must be careful vigilance, extreme vigilance, on the part of the individual members of the house, as well as a desire to accept more individual responsibility. But at the same time I do feel that there is much in what the leader of the opposition has said; that there is need for some kind of investigation into the whole organization of government. The people are asking for it. I think we owe it to the people to see to it that everything is made clear to them in the information that they require to understand and to know. It should be made clear to them.

As far as I am concerned I am not sure whether a royal commission would do the job sufficiently well or not. I do say that some judicial or semi-judicial investigation is necessary. It is essential. Perhaps that is exactly what the leader of the opposition had in his mind. I am acquainted with what the Hoover commission did in the United States, and while it has been argued here this afternoon that there is a great difference between the government organization in the United States and that in Canada, I cannot see that the difference is sufficient to turn down a suggestion of this kind. Whether it is a royal commission or some other sort of investigation I am all for it. But at the same time, Mr. Speaker, I think we have all to resolve, and resolve very definitely, that we are going to see to it that the rights of the private members in this house are respected, and that the sovereignty of this house be returned to parliament from government members who have taken it away, and that it be accomplished before long.

In the next place, Mr. Speaker, I must say that the government will have to see to it that every means is made available to the private members of this house to enable them to get information, to enable them to assemble the information they do receive, and then to place it before this house on behalf of the people.

Mr. Jean François Pouliot (Temiscouata): Mr. Speaker, I have just a few words to say, and I would refer first of all to the very able speech of the hon. member for Peace River (Mr. Low) in which he mentioned a supposed disregard of the rights of private members. I have been sitting here for twenty-eight years, and I have never noticed that—except when I was discussing the conscription bill in committee, at which time I complained about the chairman and said he should be changed. I did not have any support on that occasion. However, with that exception I have never noticed any disregard of the rights of private members in the House of Commons. That is the first point.

Then the hon. member suggested a change in the rules, and said that all the rules are obsolete. That is an unfair statement. The rules are good, the hon. member would find, if he would take the trouble to read them.

Mr. Low: I have read them.

Mr. Pouliot: A comparatively small number of them apply to the discussion of public matters, and they are not difficult to understand. I am not speaking of the heavy compendiums no one reads; I am referring only to the standing orders of the house.

Mr. Low: I have read them.

Mr. Pouliot: Yes, I know. Then I am sure the hon. member will agree that they are simple and easy to understand. They have governed discussion in committee and in the house since confederation because, with the exception of the rules applying to the length of speeches, there have been very few changes.

Mr. Low: I was not complaining so much about the standing orders. I had in mind the fact that a number of practices and habits have grown up in the conduct of the business of the house.

Mr. Pouliot: In answer to that I would say that we can rely upon the wisdom of the Chair, because we now have a Speaker who, according to my experience, has been without parallel. He is our safeguard and our protection. I feel safe when I speak under his shadow.

The hon. member said that there should be more vigilance, and a greater desire on the part of members of the opposition to assume more individual responsibilities. This is fine. I agree with him on that. I have the greatest respect for my colleagues in the house, and must say I was greatly surprised when I read the amendment offered this afternoon by the leader of the opposition (Mr. Drew).

I wonder if it is necessary to put my glasses on in order to see those brilliant men who sit behind him. I think my glasses are not necessary, because I can see that some of those gentlemen are in the house, while others are engaged outside the house in important parliamentary business. But there they are, valuable assets to the House of Commons. I will not say they are non-entities; they are good members of parliament. I know and respect them, although I do not agree with them. But I wonder why the leader of the opposition is suggesting that a royal commission be substituted for them.

An hon. Member: He wants better brains.

Mr. Pouliot: I cannot understand it; it is far from being complimentary to them. I see the young and junior super-excellency over there, taking notes—and probably he will speak after me. Naturally he will say that his pride has been offended, because in his request for a royal commission his leader has forgotten him.

Then there is the national president of the Progressive Conservative party, a gentleman who sits in the house and is also a member of a learned faculty—and that is a term applied to both law and medicine. In this instance however I refer to the law. He is a brilliant lawyer and a man of experience, but he has been disregarded by his leader.

There are many others—bright young men who were elected at the last by-elections, and are doing well in the house. But they are the forgotten men. Then there are others whom I have known for a long time. There is the hon. member for Vancouver-Quadra (Mr. Green), who is a frontbencher, and the hon. member for Cumberland (Mr. Black), who is also a frontbencher. These are men of experience, leaders in their party, wise men. And, besides that, there is the charming lady who could give advice about matters pertaining to the weaker sex.

Mr. Knowles: Careful, now.

Mr. Pouliot: It is complete. Yet all that has been disregarded by the leader of the opposition when he suggests that for his followers there should be a royal commission substituted, to do the work that otherwise they would do in the house.

Mr. Sinnott: A one-man party.

Mr. Pouliot: No, a one-commission party. Perhaps this is an act of modesty on the part of the leader of the opposition, because he could say, "I can do it all alone." But he has suggested that he would like to have the assistance of a royal commission instead of relying, as he should, upon the faithful support of the members of his party.

A royal commission?—and the purpose of the commission would be to improve "the organization and general efficiency of government administration." What does he mean by that? Does he mean a changing of the constitution? Does he mean that he would send investigators of the civil service commission to inspect the treasury benches and to decide who should tell whom what to do?

And then the reference to "general efficiency"—oh, "efficiency"! I remember an occasion when one of his predecessors in the leadership of the party received a decoration. I warned Mr. Speaker to be careful and to hold the chair well, so that he would not fall from it. Because that former leader of the Progressive Conservative party had been given by the then minister of national defence—do you know what, sir? He had been given a medal of efficiency! Yes, he had been given a medal of efficiency, and it brought general laughter throughout the country. I suggest that the Minister of National Defence (Mr. Claxton) ought not to give a medal of efficiency to the present leader of the opposition for the speech he made this afternoon.

His second suggestion was to co-ordinate all public services and departmental activities of a similar nature. Well, this is centralization at its worst. The Tory party has been known to be the party of centralization, and we have proof of it in the pudding the leader of the opposition has been baking this afternoon.

Then, in his last suggestion the leader of the opposition wants to assure to all members of the civil service full recognition of their responsibilities. It is not members of the civil service who should be cognizant of their responsibilities. It is the leader of the opposition and his supporters who should take their responsibilities and, as the hon. member for Rosetown-Biggar (Mr. Coldwell) said so wisely, ought not to compromise the future of parliamentary institutions.

I think the amendment of the hon. gentleman is untimely and uncalled for. If hon. members opposite have any ground for complaint against the government they have only to state them boldly in the house in a constructive manner. It is the duty of the opposition to offer constructive criticism. But when they complain about certain things, when the time comes to show that they are familiar with British parliamentary traditions, that they want to be true to the traditions of the great British leaders at Westminster, they fail lamentably.

I give them credit for their good will and good intentions, but they should reform. If parliamentary principles are to exist in this house the opposition should be stronger, not precisely in numbers but in action. I say to hon. members of the Conservative party that they should be rather humiliated by the fact that the two other groups, the C.C.F. group and the Social Credit, offer much more constructive criticism in the House of Commons of Canada.

Whether the amendment moved by the leader of the opposition (Mr. Drew) is in order is not material. If it is not in order I shall not have the satisfaction of voting against it. I am all for parliamentary institution. The leader of the opposition would do better by sharing his work with his own supporters in the House of Commons, all able men, than to try to do the work alone with the aid of a royal commission such as he has suggested this afternoon.

Mr. E. D. Fulton (Kamloops): Mr. Speaker, I am quite sure that members of the house will have been touched, not to say edified, by the solicitude shown for their privileges and prerogatives, for their rights and duties by the Minister of Trade and Commerce and Minister of Defence Production (Mr. Howe), and more particularly by the hon. member for Temiscouata (Mr. Pouliot). The hon. member for Temiscouata and the Minister of Trade and Commerce of course are not best known for their qualities of consistency. They have qualities for which they are well known, but unfortunately that is not one of them.

When the hon. member for Temiscouata and the Minister of Trade and Commerce show on this occasion, when it happens to suit the particular argument that they wish to advance, this solicitude for the prerogatives of parliament; when particularly the hon. member for Temiscouata states that members of the opposition should be hurt by the suggestion put forward by the leader of the opposition (Mr. Drew) that a royal commission should be appointed to carry on functions which the hon. member says should be carried on by parliament, which disregards the functions of parliament and all its members, I think we might well ask these hon. gentlemen to look first at their own situation.

There is a well-known biblical saying which is repeated in many forms throughout the bible, the most apt being the short phrase, —physician, heal thyself. The other one, to paraphrase the bible, is that one short answer where we are admonished for being overconcerned with the conduct of our neighbours and fellow men, particularly if we are concerned with their faults. It is that if we would take out the beam from our brother's eye we should first remove the mote from our own.

Mr. Knowles: It is the other way around.

Mr. Fulton: I said I was paraphrasing the bible.

An hon. Member: Why twist it?

Mr. Fulton: The sense remains the same. I ask the hon. member and those who applauded him to answer me this: If it is a slur upon the rights and privileges and duties of members of parliament to appoint a royal commission or a commission of any kind to look into things which are also the concern of parliament, how then must Saskatchewan members feel at the tremendous slight which they have suffered because this government has appointed a commission to examine into the Saskatchewan river project?

An hon. Member: Oh, oh.

Mr. Fulton: How does the hon. member who has just interrupted me feel in his innermost heart about his recommendations with regard to the South Saskatchewan river project being no better than those of a royal commission? I understand that this government has been receiving representations over

a long time from Saskatchewan members with respect to getting ahead with this project. How does the hon. member feel when the government has seen fit to disregard his viewpoint? How does he feel when the government says, "Before we will be in position to judge whether or not the views put forward by the hon. member are really sound we must take the advice of a royal commission."

How does the hon. member for Kindersley (Mr. Larson) feel about it? How does the hon. member for Yorkton (Mr. Stewart) feel about it? How do all the other hon. members from Saskatchewan feel about it? I wonder how the Minister of Agriculture (Mr. Gardiner), the leader of the Liberal members from Saskatchewan, feels about it when he comes to apply the standards laid down by the member for Temiscouata and his colleague, the Minister of Trade and Commerce, who sits just two places away in the front row of the cabinet benches? What does he think of the government appointing a commission?

Of course it is not the first time that these two ministers have expressed divergent opinions and probably it will not be the last. I wonder how the Minister of Agriculture will feel when he returns to the house and finds that the Minister of Trade and Commerce has indicated that the views of the Minister of Agriculture on the Saskatchewan river project have been completely ignored and cast aside by the appointment of this royal commission?

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Fulton: Mr. Speaker, before the house rose at six o'clock I had pointed out to the hon. member for Temiscouata (Mr. Pouliot) and the Minister of Trade and Commerce (Mr. Howe) that the suggestion they had made that somehow or other there was a slight to the members of the opposition in this motion by the leader of the opposition (Mr. Drew) that a royal commission should be appointed to examine into and consider the question of increasing the efficiency of governmental administration, was visited at least a hundredfold on their own heads. If there is any improper suggestion, which I do not for a moment admit, that the rights of members would be somehow interfered with by the appointment of such a commission, then I suggest we are in the interesting position of finding that all the Liberal members, particularly those from Saskatchewan, have been slighted by the fact that a commission has been appointed to inquire into the merits of the Saskatchewan river project, upon which a number of Liberal members from that province have expressed no uncertain views. I thought the hon. member for Kindersley (Mr. Larson), the hon. member for Qu'Appelle (Mr. Dewar), who I remember interrupted me before dinner, and the hon. member for Mackenzie (Mr. Ferrie), who also expressed an interest in the matter, might take up the matter with the hon. member for Temiscouata and the minister before making comments of that sort.

I also said, and I still feel, it would be very interesting to know how the Minister of Agriculture (Mr. Gardiner) who is the Saskatchewan leader of his party in this house, would feel with regard to the remark by his colleague the Minister of Trade and Commerce that to suggest the appointment of commissions to inquire into things which are at the same time of interest to the House of Commons was somehow or other to derogate from the responsibility of hon. members. But then those two ministers have shown themselves in the past well able on one occasion to express and on another to reconcile extremely divergent views; and although the country is left somewhat mystified as to just where it stands after hearing those conflicting views, nevertheless on the whole we are forced back to the conclusion from which we probably started, namely that however much other members of the government may talk and however much they may hold their own opinions, when it comes down to the issue it is the Minister of Trade and Commerce who really decides and runs this government.

Some hon. Members: Hear, hear.

Mr. Fulton: I noticed that the applause came from private members, who were not joined by any members of the cabinet. So it is with the remarks of the Minister of Trade and Commerce, either in that role or as Minister of Defence Production, that I should like to deal for the next few moments.

The main subject of the minister's remarks was his contention that the appointment of a royal commission to consider ways and means of increasing the efficiency of government somehow or other would be a derogation from the rights and duties of parliament. In his speech this afternoon I must say the minister reminded me of nothing so much as an old and rather tired doctor who had a patient in a very serious condition, in fact on the point of death. This doctor, who had not taken a refresher course for some time,

was not quite certain what ailed the patient. But while he did not know what was the trouble, he was very definite that the opinions of the younger consultants who had been called in were absolutely wrong. While he did not know quite what to prescribe, at least he said he knew the suggestions of his younger associates were wide of the mark. Therefore those suggestions were not adopted; the older doctor continued in charge of the case, but unfortunately the patient died. That is very much the situation we find here in this discussion of how we may improve the efficiency of government.

The minister has said that all the things being done at the present time by the government are the right things. Their prescriptions are correct. They have the best brains. They know better than anyone else how to run the country. Unfortunately the fact is that inefficiency in government is inescapable, and the effects upon the taxpayers of Canada in the constant increase in the taxes they have to pay, the ever mounting sums they have to dig out and fork over to the government, are cumulative. Unless something is done shortly the plight of the taxpayers will be extremely serious indeed. I think probably they will be able to develop a resistance to disease which will carry them through these difficult times, but I do suggest very earnestly that the government should not dismiss out of hand suggestions that efficiency might be improved, but should listen rather more seriously than they have shown an inclination to do in the course of this debate.

I regret to have to say that the leader of the C.C.F. party appears to be in somewhat the same category as members of the cabinet, particularly the Minister of Trade and Commerce. They were both quite certain that a commission is not the answer to this problem of how to increase efficiency in government service. They both took the position that to appoint a royal commission to inquire into this question somehow or other would be to derogate from the rights of parliament. Well, I know other hon. members will share my vivid recollection of the eager support the hon. member for Rosetown-Biggar (Mr. Coldwell) gave to the inquiries and considerations and indeed to the appointment of the Massey commission, which was a royal commission inquiring into the arts, letters and sciences. I would ask the hon. member and others of his party who support his views whether the subjects inquired into by that commission, including the Canadian Broadcasting Corporation, the national gallery of Canada and a number of others which could be mentioned, are not also under the jurisdiction of parliament. How does it happen then, if, as they now so fervently maintain, the appointment of a royal commission to investigate things which are also of interest to parliament is to derogate from the rights of parliament, that they supported the inquiries and recommendations of that royal commission?

Then, there was another one, the royal commission on transportation. Does the hon. member for Montmagny-L'Islet (Mr. Lesage), who is saying something over there, suggest that national transportation policy is not a matter which falls within the jurisdiction of parliament?

Mr. Lesage: I was suggesting, Mr. Speaker, that I know the hon. member is too intelligent not to know the difference between the various commissions that he has mentioned, the difference in subject matter.

Mr. Fulton: I am grateful to the hon. member for the compliment, and I wish I could return it in kind, but apparently the hon. member is not able to distinguish between them. I come back to this question. The royal commission on transportation dealt with matters which are the responsibility of parliament, and are clearly within the realm of subjects with which parliament is supposed to deal. On that occasion, when it happened to suit their own political convenience, not one hon. member was heard to suggest that the appointment of that royal commission, with the conclusions or report of that royal commission, was in any sense a derogation from the prerogatives and privileges of parliament.

There was another commission, the MacQuarrie committee, appointed to inquire into the combines legislation, and particularly into the subject of resale price maintenance. The Combines Investigation Act is a creature of this parliament. We enacted it, and it is entirely within the purview of this parliament as to what should be done with that legislation; how it should be strengthened, and whether it should be varied. The Minister of Justice (Mr. Garson) fervently supported the recommendations of that committee and the whole set-up of the committee to inquire into that legislation. Now when it happens to be embarrassing to the government—hon. members opposite are so frequently able to forget the views which they formerly held and expressed—we are told that to suggest the appointment of a royal commission to see in what way the efficiency of the administration can be increased is somehow or other to detract from the prerogatives of parliament.

Mr. Pouliot: None of those commissions were substitutes for Her Majesty's loyal opposition.

Mr. Fulton: The hon. member is quite right. Indeed, in my view with respect particularly to one of those commissions, the MacQuarrie committee, their recommendations fell far short of the recommendations suggested by Her Majesty's loyal opposition, but I point out to the hon. member that on that occasion the recommendations of Her Majesty's loyal opposition were not the ones which were accepted by the government. What we are suggesting is that if on other occasions the government has ascribed such overriding advantages to royal commissions, their reports and recommendations, we find it difficult to understand why on this occasion there should be such a complete negation of the idea that a royal commission could do any good.

Mr. Pouliot: If the hon. gentleman permits—

Mr. Fulton: The answer to the problem which confronts us is to be found in the fact that this royal commission which the leader of the opposition has suggested would probably find things materially embarrassing to the government, and in its report it would be bound to bring in recommendations, with the evidence laid before it, that would certainly indicate the government has not been efficiently administering the affairs of this country. That is the only reason why, on this occasion, hon. members opposite show a complete reversal of the stand which they have taken in the past, and are now so anxious to suggest that this commission would derogate from the rights of parliament.

Mr. Pouliot: If the hon. gentleman permits, when he says I am quite right, I have nothing to add to his gracious speech.

Mr. Fulton: This afternoon the Minister of Trade and Commerce did deal with other aspects of this situation, apart from that aspect which I have just been discussing. He attempted to make light of and to ridicule the suggestion of the leader of the opposition, and he took particular objection to the fact that, in his remarks in support of his motion, the leader of the opposition had made a comparison between the level of government spending on various categories in the year 1938-39 and the level of spending on similar categories in the year 1951-52. The Minister of Trade and Commerce was at some pains to point out that this comparison did not hold water. I think those were his words. Unfortunately, here we have another illustration of the fact that on one occasion, when it suits its political convenience, the government will adopt a certain line of argument and reasoning, and on another occasion when it does not suit its political convenience but will mean embarrassment for the government to follow the same line, then it rejects that line of reasoning.

I want to point out to the Minister of Trade and Commerce, and to the members of the house, that the basis for the comparison between the years 1938-39 and the years 1951-52 was suggested by the government itself. Last year the Senate finance committee inquired into this very subject of government expenditures. They asked the department officials to prepare a table from which they might assess the trends which are now evident. The departmental officials prepared their table, and the basis of their whole comparison was, firstly, the years 1938-39 and then, in comparable categories, the expenditures of the year then under review, 1951-52. If the Minister of Trade and Commerce and the government are going to reject that as a valid basis of comparison, then I should like to take another branch of the minister's argument this afternoon.

He pointed out that four years ago one of the departments of government had retained the Gordon firm to make an inquiry into the administrative affairs of that department. The minister spoke in glowing terms, indeed—I should not say very glowing terms—

Mr. Howe: The assignment of the Gordon firm was to evaluate the salaries of the civil servants, and to work out a scale of salaries in conformity with the functions being performed.

Mr. Fulton: I shall accept that limitation gladly. Whatever the purpose of that limited inquiry into one aspect of the affairs of one department, the fact is the minister indicated that inquiry produced some very good results. The point that emerges from this is that the inquiry, which took place only four years ago, was limited to the affairs of one department, and admittedly limited to a particular aspect of that department. But the minister himself said that in order to properly evaluate how things were being conducted in that respect they retained the services of an outside firm. All we are suggesting here is that the scope of an inquiry of that sort should be broadened in order to evaluate the efficiency with which the administrative affairs of government are being conducted, and that the government should retain the services of a commission. After all, Mr. Speaker, if the points which the minister made this afternoon in the course of his reply

have any validity at all, and I am quite prepared to give them the full measure of validity, it is that an outside inquiry produced results which the government found helpful. Why then cannot the same principle be carried into effect on a broader basis? All we are suggesting here is not that a particular department should retain the services of a firm, because one department has no authority over another, but that a commission should investigate all the departments. The Minister of Trade and Commerce may think, and probably does think, that the departments of some of his colleagues are not being administered very efficiently. He has, however, much as he would like to have it, no direct authority to appoint a firm to inquire into the affairs of the other departments. It is quite open to the government to enlarge the scope of any such inquiry and by the appointment of a commission to have the administration of all departments in every aspect reported upon by a firm whose services might be found to be of some help.

In that connection the Minister of Trade and Commerce, who is or was a businessman, suggests that somehow or other it would be an abrogation of the rights of parliament to appoint such a commission. Applying his own argument, I would ask the minister whether he would say that the board of directors of a company is abrogating its responsibilities and duties when it retains the services of a firm of efficiency experts to inquire into the internal administration of the company. The minister knows perfectly well that that is done on innumerable occasions throughout the whole business community of Canada.

In making that argument this afternoon the minister was, I suggest, making an argument which he knows perfectly well to be purely and simply a political argument divorced entirely from the merits of the subject under discussion. Indeed, when we suggest that a royal commission should be appointed to examine into this question, there is no suggestion whatsoever that, in their duties of scrutiny of the estimates and detailed scrutiny of every aspect of government expenditure, the members of parliament should in any way abate their energies or be less diligent in the discharge of that duty.

What we are suggesting—and hon. members opposite and members of the government know it perfectly well—is that the whole broad aspect and the many ramifications and details of government administration have multiplied so rapidly that, in the course of the type of discussion we have on the estimates, it is not possible to carry out the sort of inquiry that we have in mind. Therefore what we are suggesting is simply that, as is done in so many other cases when detailed aspects of government policy or administration are under review, a group of experts be retained to look into the question, to express their impartial and honest opinion as to whether or not any changes should be instituted, and to report accordingly. If it felt the proposals had any merit, it would still be the obligation of the government to put them into the form of legislative or other action. If they thought that the details of the report had any merit, it would still be the obligation of the opposition members and of every other member of parliament to scrutinize that report, and to discuss the details of it and to press for action in connection with the estimates or on any other occasion when the question might properly be raised.

To suggest that merely to ask a royal commission to examine into this situation and to report would be to abrogate the rights of parliament or to bring about a situation in which the responsibilities and duties of members would be lessened is to beg the whole question and to show that, in fact, the merits of the question are extremely embarrassing to the government. What they are trying to do is drag as many red herrings as possible across the trail so that it is impossible to carry on a sensible and definitive discussion.

Mr. Speaker, there are many aspects of this thing about which one might speak but, for the remaining few minutes of the remarks I have to make this evening, I want to discuss some of the financial implications of this subject which seem to me to indicate clearly and beyond dispute that it is time that a full-scale inquiry by a royal or other commission was made into this question of the efficiency of government administration.

The approach which I should like to make to that aspect of the subject is this. I should like to start with the oft-repeated statement of the Minister of Finance (Mr. Abbott) that there is practically no room for economy in government spending because of the fact that, as he so often asserts, the large part of the government's spending at the present time is made up of what he calls uncontrollable expenditures. He therefore continually argues—and indeed he repeated it in the course of his budget speech this year—that the only room for adjustment, if we really want to make economies, is in those items of what are called special categories, namely such things as expenditures by the Department of National Defence, the Department of Defence Production, the civil defence items of the Department of

National Health and Welfare, and the social services provided by the Department of National Health and Welfare.

When you analyse the argument of the Minister of Finance, Mr. Speaker, you are regrettably forced to the conclusion that his arguments here are as loose and inaccurate as they are in the generality of the statements which he makes. When you examine the estimates which have been placed before parliament this year, you find that, in this fiscal year as compared with last year, there is to be a net increase in spending by government of $605 million. It is true that this increase is accounted for mainly by the fact that the defence department is asking for $392 million more, and the health and welfare department for $252 million more.

The total increase asked for by all departments and agencies of the government is over $720 million. This is accounted for by 31 spending agencies of government. Thirteen departments or agencies are decreasing their spending by a total of $115 million. But when you examine this decrease of $115 million, Mr. Speaker, you find that it is largely illusory, because it is mainly accounted for by the fact that the Department of Finance has shown a reduction of approximately $100 million this year as compared to last year. The occasion of that reduction is that the five-year financial agreement with the provinces expires this June, so that only one-sixth of the amount normally payable under the agreements has been included in this year's main estimates. But, Mr. Speaker, that sort of accounting and that sort of presentation to us in the form of the estimates is nothing more or less than misleading because the Minister of Finance knows perfectly well that negotiations are now proceeding with regard to new financial agreements with the provinces and, in fact, at least one with my own province of British Columbia has already been concluded. Provision will certainly have to be made for these payments later on this year by means of supplementary estimates. But the Minister of Finance knows perfectly well now that he is going to have to make those provisions. For him to attempt to show a decline of $100 million in the estimates of his department is sheer nonsense.

Then when you look into this question further, Mr. Speaker, you find that there is already provision for increased payments to the province of British Columbia under the financial agreements. It therefore must surely be assumed that the agreements with the other provinces will not provide for any lesser scale of payment than was provided last year. If that is so, it follows that the $100 million cut now shown by the Department of Finance will be restored and probably increased before the end of the year. Therefore the total reduction of $115 million in the estimates will be wiped out and the net increase in spending by the government this year will total not $604 million but something like $720 million. Even when you allow for the fact that, of this $720 million, $644 million is accounted for by defence and increased old age pensions, and $14 million by the veterans affairs department through the medium of increased pensions to veterans, you still find the fact that there is an estimated net increase in controllable expenditures—not those uncontrollable items the minister referred to, but an increase in controllable expenditures of the order of $60 million in this fiscal year. With this fact in mind, in the light of the Minister of Finance's repeated statements that the most rigid economies are being insisted upon, and in the face of the already tremendous burden of taxes and the demands for reductions which have been voiced on behalf of the Canadian people, I think you can see that the minister's statements that they are exercising the most rigid economy and control on expenditure, and the statement repeated this afternoon by the Minister of Trade and Commerce without bringing before us any factual basis for that statement, are nothing more than idle vapourings.

Analysing the situation more closely, Mr. Speaker, and looking at the table which has been furnished by the Minister of Finance, and which is broken down into standard categories and special categories, the standard categories being those in which the Minister of Finance claims it is not possible to make any further economies, one finds that the increases in the normal items of controllable expenditures this year are far in excess of the decreases. One finds that there are increases in freight and express and cartage, in postage, in the cost of telephones, telegrams and other communication services, films, displays and other government publicity, office stationery, supplies and other general materials and supplies. Decreases are shown only in the totals for professional and special services, travel and removal expenses and the publication of the annual departmental reports. There is one substantial reduction in the category, contributions, grants and subsidies, namely, $10 million, which is accounted for almost exclusively by the reduction in the freight assistance for the movement of western feed grains previously paid by the Department of Agriculture. But when you end up, even giving credit for this and all the other reductions, you are left with

the fact that outside any amount of defence spending, civil defence and national health and welfare, the total of the increases in standard categories exceeds the total of decreases by $48 million in the fiscal year.

Now, Mr. Speaker, I would ask you and hon. members, bearing in mind the repeated statement of the Minister of Finance that most rigid economies are being applied, to ask the government to account for the reason why in these categories such as freight and express and cartage—and that is not defence or civil defence or health and welfare—and in government films, displays and other government publicity, office stationery and supplies and other general materials and supplies, there should be an increase of spending by $48 million in this fiscal year.

The Minister of Trade and Commerce says that we have never suggested any ways in which savings might be made. He has said that it is the duty of the House of Commons, particularly the opposition, through the discussion of the estimates, to recommend and to bring about decreases. He says that he does not recall in all his time that any decrease has ever been effected through the discussion of the estimates. I will tell him one reason why. One reason is that any time that a reduction in expenditure is suggested the government regards it as a vote of want of confidence. I well recall the time when we did suggest a reduction in a particular vote. It was in the Department of Transport, and before there had been any discussion on the merits of the suggestion the Minister of Transport rose in his place and said that in effect he regarded this as a vote of want of confidence and the whole 181 majority of the government was enlisted behind him without any possibility of discussing the merits of the situation which, as I recall it, suggested a reduction in one item of travelling expenses of $25,000. The attitude of the government was that its life depended on this vote, and from the very outset there was not a chance of discussing any reduction being effected.

The crux of the whole matter is this. The Minister of Trade and Commerce knows very well without any attempt on my part to belittle the work done by the committee of supply, which is the most important work of this parliament, that no committee of 262 members, under the pressure of business which goes on here, and in the way in which the estimates are presented by the government, has a ghost of a chance of really effecting substantial reductions in government expenditures. Just because he knows that, and because he wants that situation to continue, the Minister of Trade and Commerce seeks to belittle this suggestion of the appointment of a royal commission. If he were serious, and if his colleague, the Minister of Finance, were serious, in their oft-repeated statements that they want to economize on spending, instead of belittling they would be supporting it.

Mr. W. Ross Thatcher (Moose Jaw): I should like to take part in this debate for about ten minutes, because I have always felt rather strongly about the matter which is being discussed. What precisely does this resolution ask for? It asks for the setting up of a royal commission for the purpose of (1) "improving the organization and general efficiency of government administration"; and, (2), "co-ordinating all public services and departmental activities of a similar nature". I may say quite frankly that I cannot find the wording of the resolution offensive. Speaking on April 24 last on the budget I took this position, and if I may I should like to quote one sentence from *Hansard*.

Mr. Byrne: Now well known.

Mr. Thatcher: I said, as reported at page 1568 of *Hansard*:

> Since coming to Ottawa I have been one of those who have always believed there was a good deal of merit in the suggestion that a commission be set up somewhat along the lines of the Hoover commission in the United States, to study waste and duplication in the government.

I have listened to the arguments today against the proposal, but I must say that I hav heard none which would lead me to change my mind in this connection. I think any method, any method whatever, which may lead to economies should be supported by every hon. member with a good deal of enthusiasm.

I think one of the paramount issues facing all members of parliament today is the fact that the government is going to take in this coming year $4,500 million from the pockets of the Canadian taxpayers. That is a lot of money. No one realizes better than members of parliament do that most of that money is going to have to be paid by the average Canadian, by the workingman, the farmer and the small businessman.

If these taxes are necessary, Mr. Speaker, if it can be shown that we have to have them for defence, or security, or something of that nature, I do not think any Canadian, any true Canadian, will object to them. But unfortunately, Mr. Speaker, more and more Canadians are wondering whether these high taxes really are necessary. They are wondering whether they could not be reduced, if

ordinary methods of economy were practised by the government. That is the crux of the matter.

This afternoon the Minister of Trade and Commerce opposed the resolution which is before us. In effect he said, "I am opposed to this resolution, because it is the right, the duty, and the responsibility of members of parliament to examine expenditures which are made." I was surprised to hear such a weak argument put forward by the Minister of Trade and Commerce. No one is going to deny that it is the duty and the right of members of parliament to examine expenditures. But every hon. member who is sitting in this chamber tonight knows that it is physically impossible for members to give to estimates and to public accounts the scrutiny which the taxpayers have a right to expect.

I know of no more futile task, or no more frustrating task, which a member of parliament can have, than to try to dig up some fact which has been buried in the estimates. This afternoon the Minister of Trade and Commerce told us that private members have every opportunity to examine expenditures efficiently. I am going to take issue with that statement, because I do not think it is correct. We have had one such opportunity this year, and that was to examine the supplementary estimates which were brought down last March 28, one parliamentary day before the end of the fiscal year. On that last day the Minister of Finance (Mr. Abbott) brought down estimates totalling $246 million. After we had examined them for four or five hours, he had the audacity to tell members of the opposition that they were responsible for the fact that civil servants might not get paid on time.

On that occasion, the only occasion this year when we have had estimates in front of us, we were asked to pass millions of dollars per minute. And yet the Minister of Trade and Commerce (Mr. Howe) tells us today that the members have every opportunity to examine expenditures.

I would point out that parliament has been sitting for two and a half months, and that not one single estimate for the current year has yet been before parliament. What opportunity is that?

An hon. Member: Whose fault is that?

Mr. Thatcher: I am trying to point out that it is physically impossible for members to give these estimates and the public accounts the scrutiny they deserve. The Minister of Trade and Commerce growled this afternoon that he was one of the biggest government spenders. He said indeed that, so far as he knows, there is little waste or duplication in the government. I respectfully must take issue with that assertion, because I contend that there is waste. There is unnecessary duplication. There is extravagance, right here in Ottawa, which is milking the Canadian taxpayer unnecessarily.

Tonight, at the risk of further unpopularity in certain quarters, I would ask hon. members to look at a few basic facts. I ask them to examine only one government department, one they know something about—the parliament buildings. I would remind you, Mr. Speaker, that the heart of the Canadian government, the very nerve centre of our legislative system, is centred right in these buildings. Surely if economy is practised anywhere, in any government department, it should be practised right here under the noses of some 260 odd representatives and 70 or 80 senators.

But what are the facts? I think if any hon. member, regardless of party politics, will be fair and look around the buildings, he will see things which must cause him concern. Even a superficial glance cannot help but reveal duplications which I cannot understand.

For instance, when a member comes into this building each morning he enters by the door at the lower floor. The first thing he sees is the House of Commons post office, with fifteen employees. Twenty feet to the right he will see another post office, the Senate post office.

Mr. Howe: May I ask a question? By whose authority are those two post offices established? I will answer the question: They are established, one by the Senate and the other by the House of Commons. The government has nothing to do with either of them.

Mr. Thatcher: Thank you, Mr. Minister; I appreciate your comment. You are reputed to be an efficient minister; yet I think you would not, yourself, argue that there is not duplication in this instance. It may be necessary; but to me it does not seem sensible—two post offices in the one building.

Mr. Howe: I may reply that I would not attempt to tell either the Senate or the House of Commons how they should carry on their affairs. That is a matter for house and senate members, for each of them to decide for themselves.

Mr. Thatcher: Thank you; but it seems to me it might be sensible for the government to set up a committee of the House of Commons, and a committee of the Senate to see whether these duplications are necessary.

Mr. Howe: Such a committee is functioning today.

Mr. Thatcher: They have not done much, then. If the minister would let me proceed, I can assure him I would take only two or three minutes more.

If you go along the corridor further you will find the House of Commons barber shop. There are some excellent men in there, doing a first class job. But I find it peculiar that a little to the right, you will find a Senate barber shop. It would seem to me that in one building one barber shop should suffice.

If one goes a little farther up the corridor we run into the House of Commons protective staff. I must say at once that I have heard many compliments from visitors, who have referred to the courtesy of those gentlemen, when they are performing their duties. But I must say, as a representative of the taxpayers, that I find it strange that we should have in one building, first, the House of Commons protective staff, then the Senate protective staff, and outside, the Royal Canadian Mounted Police—three policing powers to police one building. It does seem to me that here is unnecessary duplication.

Then, we come up to the main floor where we have one of the finest reading rooms in the Dominion of Canada, the House of Commons reading room. One can find here all the newspapers and periodicals of this country—an excellent service. But I think it is not fair to the taxpayers of Canada that about a hundred feet down the corridor, the Senate should have exactly the same service—with the same newspapers and the same periodicals.

Why should they not be combined? Surely, for about 260 members and 70 senators, one reading room should be sufficient.

Then, in the House of Commons we find a House of Commons messenger staff with 59 messengers, one for every four members. We also have a Senate messenger staff. Both have separate quarters and both have similar organizations. I wonder if the Minister of Trade and Commerce would not say that this is not duplication.

Then we have two stationery branches. I could go on and on and give other examples. We have two law branches; we have two stenographic pools.

Mr. Cleaver: Have you more than one public school in Moose Jaw?

Mr. Thatcher: We have two journals branches; we have two translation branches. The point I am making is this. It must be apparent to all hon. members, when they are looking at the situation, that there is duplication in parliament. And, because parliament is the nerve centre of our legislative system, I wonder what confidence the taxpayer can have that this duplication does not go all through government departments.

An hon. Member: How many hardware stores in Moose Jaw?

Mr. Thatcher: Taxes can be brought down by the elimination of waste and inefficiency. For years the Minister of Finance and the parliamentary assistant have been telling opposition members that one of their main tasks is to point out savings which can be made. I find it strange that they should take exception when some member tries to do precisely that.

It may be that opposition members are not always right; yet we are here, trying to do a job; and I do not see why government supporters should take objection to our endeavours. When I made a few specific suggestions several weeks ago, the only answer I received was derision, ridicule and even contempt. I simply cannot understand such an attitude. I will only say that this government does not appear to be interested in economy. It does not seem to wish to do anything about waste.

The motion which the leader of the opposition made this afternoon might or might not produce economies; but, to me, it is sensible to try any move which might bring the taxpayer relief; and therefore I will support it.

Hon. Alphonse Fournier (Minister of Public Works): Mr. Speaker, I am pleased to see the leader of the opposition (Mr. Drew) remain in his seat, because I shall speak only a few moments. I would have been sorry if he had not been in the chamber, because what I shall say will relate to the amendment he offered this afternoon.

The basis of his amendment was certain facts concerning specially the Department of National Defence. Then he did go over the expenditures of different departments, comparing those of the year 1938-39 with those of 1952-53. If he had compared the expenditures of two immediately succeeding years, perhaps his argument would have stood up more strongly in support of the amendment he has offered.

I want hon. members to believe that what I am saying is not motivated by any political consideration. In my opinion none of the speeches made on this question have been motivated by considerations concerning provincial elections or anything else. I believe that they have been made in the interests of the country. My respect for the members of the House of Commons is such that when an hon. member gets up to speak—I may not

always agree with what he says—I believe that he speaks in a sincere effort to help the people of Canada.

When the leader of the opposition requested a committee last year to inquire into defence expenditures I was one of those who approved of that move. During one year of the last war I was chairman of the committee on war expenditures. I know something of the work that was done by members of the opposition and members on the government side. It was good work. At the end of each session—we even sat between sessions—we made recommendations and to my knowledge most of those were implemented by the government of the day. I think hon. members who were on that committee will agree that we did a fine job in helping our country go through that war. As I say, when this proposal came up last year I was one hundred per cent in favour of it. The motion setting up the committee reads:

That a select committee be appointed to examine all expenditure of public moneys for national defence and all commitments for expenditure for national defence since March 31, 1950—

I cannot recall definitely, but I do not think the resolution moved during the last war contained the word "commitments." We were limited by the reference to examine expenditures only. This motion continues:

—and to report from time to time their observations and opinions thereon, and in particular, what, if any, economies consistent with the execution of the policy decided by the government may be effected therein.

This committee is to deal with expenditures totalling nearly $2,000 million, almost 50 per cent of our total expenditures. Members of that committee can decide on the way in which they will proceed. They can decide to call witnesses, hear experts, listen to evidence, read reports, give their own opinions or conduct any other form of useful work. That is where they can point out to the government economies that should be put into effect.

Mr. Green: In connection with defence items only.

Mr. Fournier (Hull): Covering $2,000 million. That is covering a lot of ground. I believe opposition members on that committee can do a good job because it was done before. They can examine these expenditures, give their opinions and report to the House of Commons. I think during the last war we had concurrence in our reports and there may have been some minority reports. But I want every hon. member to know that the recommendations made and the opinions expressed are noted by the government and implemented. We are covering half of our expenditures in this way.

The leader of the opposition discussed how we have a breakdown of the estimates by functions and by primaries. No doubt there is a considerable difference between the amount being spent today and what was spent in normal peacetime. When I became Minister of Public Works the department was spending around $15 million a year. Today I cannot even maintain what we have with that amount. It takes nearly twice that amount to pay the staff, to purchase materials and keep the works in good repair.

I am astounded that the people of Canada through this House of Commons are ready to hand over to the Department of Public Works such a huge amount. I do not prepare these estimates. When they come to me for my consideration I call in the experts and I say, "Listen, these are exorbitant." I know they will have to be paid out of taxation imposed by the budget to be brought down by the Minister of Finance (Mr. Abbott). I tell my experts to cut them 15 or 20 per cent and then bring them back. Then I spend days and weeks trying to elbow away, not only members of parliament but different departments and people from all over the country. After about two weeks' study I bring them down again.

Do you know what happens to my estimates? They come before the experts in the Department of Finance. If you know those experts you know that they are not thinking of any political considerations. I have to spend two or three days with them. They know what they are talking about. They cut my estimates still further. Then I come before the house and the estimates are tabled. That evening I feel like going home right afterward because I always get too many visitors. These visitors are not always from the one side of the house. They are all convinced that the expenditures in which they are interested are needed.

A member may come to see me and I tell him, "this is not needed, let us postpone it." He will argue his case or may even bring delegations. That happens even in the case of British Columbia in connection with the Marpole bridge. The hon. member for Vancouver-Quadra (Mr. Green) may think that funny, but he knows about the Marpole bridge.

Mr. Green: I am afraid the minister does not.

Mr. Fournier (Hull): That would mean another three or four million dollars added to my estimates. I feel that I am rendering a service to the people of Canada and the members of the House of Commons by following the procedure I have outlined. Then when

I get approval in the House of Commons for these estimates I have to do the work or have revotes. At one time having revotes shamed me. Let me tell you why at times I cannot have these works done. If they were all carried through I would have to ask treasury board for another thousand people to be added to my staff, and that would build up expenditures.

There is no body which looks into estimates and expenditures more thoroughly than the ministers of the government. Believe it or not, that is what takes place. When you look at me you see one of those who try to keep down these expenditures. With the little experience I have had I know what the Minister of Finance and his officials are going to do. They will say: You want $4,100 million or $4,200 million; we will take the gross national product. And by taking the different sections they will be able to fit the expenditures with a balanced budget.

If they wanted a deficit administration they could bring down taxes and carry on with the expenditures. My experience has been that the people of Canada do not like deficits. They are proud of being able to help others and pay their own way in the world. Before I deal with the resolution I should like to refer briefly to the speech made by the hon. member for Peace River (Mr. Low). He said that nothing comes from these house committees because they are weighted on the side of the government. Let me tell the hon. gentleman that it is not the government that weights these committees; it is the people of Canada. Once the people of Canada say, "We want 190 Liberal members in the House of Commons", what can I do?

Mr. Harkness: Only 49 per cent of the people said that.

Mr. Fournier (Hull): Even with the large expenditures facing us people seem happy, even in the House of Commons. That is because of the way you think of it, and the way you have to look at these things. Suppose we put as many C.C.F. members on our committees as we did Liberal members. My goodness, they would be on only two committees. They have not enough people in their ranks for more than that; and that is not my fault. Take the Social Credit party. I know them well. In two elections I did not have a Conservative opponent, but I had Social Crediters and they were good fighters. They could not defeat me; the people thought I should stay here. That party has only a handful of members; yet they want a majority on committees. They would not be able to handle the work.

Let me tell you one thing. Even when you have only a small number of members you can do useful work in the house. They should not agree with this resolution. I do not know English too well, but I have read the motion and tried to understand it. It urges that consideration should be given to the matter of appointing a royal commission for the purpose of examining—examining what? At least in our resolution we said, "to examine all expenditures." Then the resolution goes on "and make recommendations"—for what?—"to improve, to coordinate, to assure the civil service that they have responsibilities".

Mr. Green: Why don't you read the whole paragraph?

Mr. Fournier (Hull): I have not found what the commission is to examine, unless it is the organization and general efficiency; but how do you get that from this language? Probably there is a word missing. At all events I am not here to give a lecture, and this is not a school or college or a university. That is why I always object when members repeat the same thing three or four times in this house. We are speaking to members who have finished their education. We are speaking to voters 21 years of age and more. I do not think we should give them lectures. We should tell them the facts and let them come to their own decisions.

Will anyone tell me that we have become so incompetent in this house that we cannot examine the organization and general efficiency of government administration? That is why we have been sent here. The people of our ridings think we can do that. Why admit that we cannot? The hon. member for Moose Jaw (Mr. Thatcher) says we are not strong enough. Well, the people in the country want strong men in this parliament, even in the opposition. We have them on the government side; that is understood.

I do not believe we need a royal commission to make recommendations to improve the organization. In 1939 and 1940 I was chairman of a committee on the civil service. Look up the recommendations of that committee for the improvement of the organization; and the government carried those recommendations forward. Why admit we are so weak that we cannot even examine the organization of government activities? Can we not make some recommendations in connection with the public service and departmental activity, even though they may not be perfect? The Minister of Trade and Commerce (Mr. Howe) has said that we have highly paid advisers, really good men. I know them; I have known them for years. We

should not lose confidence in these men. If we do, they should not be in the service; we should find other big brain trusters that somebody else can recommend.

Hon. members opposite want us to see that members of the civil service recognize their responsibilities. Let me tell you something, Mr. Speaker. I have lived in this district for more than thirty years. If there is one citizen of this country who knows his responsibilities, it is the civil servant. You do not have to show him; he knows. If you can limit him to his own responsibilities it is all you can do, because from the lower down to the higher up they do their work properly, and they are proud to have certain responsibilities. We do not need to assure them; they have a lot of responsibility. I do not always agree with what my advisers say. I often consult others in the department to get different opinions, and then come to my own judgment.

If this motion were to carry we certainly would be admitting that members of parliament are falling down on the job. We would be saying, "We come here but we cannot do all the work." But hon. members knew that before they came here. Did they believe that being a member of parliament was a part-time job, or that they could come here and just rest? A member who wants to work can work fifteen hours a day, and he will not have time to even mend his political fences when the elections come, unless he is a very active man. Members of parliament can do all that is asked in this resolution. Why have a judicial inquiry into these matters? Do we need a judge to tell us how to improve the organization and general efficiency? Why, I know a good many members of parliament on the opposite side who could do as good a job as any expert I have met.

Now, please give the people a hand. Do the work. Make your examination into I don't know what, and bring in whatever recommendations you see fit. When recommendations are made by the defence expenditures committee or any committee of this house, not many of them fall by the way. If they are not implemented in the first session, they are carried out in succeeding years. The government never implements everything that is suggested, but it does carry out important recommendations. I am not sorry the leader of the opposition brought this up. I agree that in our own organization some standing orders and regulations may be archaic; nevertheless we can still do a good job. If the hon. member for Peace River is on the committee to revise the standing orders, I would ask him to help me in that committee so at least we can make a few unanimous recommendations. That committee sat last year. As you all know, I am not a fighting man—

Some hon. Members: Oh, oh.

Mr. Fournier (Hull): I pride myself on being very mild in all my arguments and in the way I expound them. Some of my best friends are on that committee, including the hon. member for Winnipeg North Centre (Mr. Knowles), the hon. member for Eglinton (Mr. Fleming) and the hon. member for Peel (Mr. Graydon), but I could not get them to agree.

Mr. Knowles: We all agreed on ten o'clock closing.

Mr. Fournier (Hull): Don't get sleepy so early. We have to work in this parliament, so let us work to the bitter end. I read something in the newspapers not long ago that struck me. Hon members say, "Well, the government does not want us to take ourselves too seriously." I will tell you one thing. You have to take yourself seriously if you want to do something for the country; but don't overdo it. There is a limit even to taking yourselves seriously, because the people look at you and they will judge. If I were a young man nothing would please me more than to go out and tell the people how this house is run, how good these members are, what good work they do and how they tried to save money even though the Minister of Finance did not agree and had to get the money. I would remind them also that when they ask for expenditures to be made the money has to come from some place unless you can print money, and we cannot. So we must have taxes. I would say that this is the finest institution or organization a man could wish to belong to, and I am proud to be here to listen to the nice speeches from the opposition. You see, I know why they are made. I have been here long enough for that.

I hope no one will impute motives to me, because I have none. I wanted to tell the hon. gentleman that I was interested in his speech, and I hope I have interested him in mine. At least I made him smile, and with a smile he may continue doing good work for the country.

Mr. J. S. Sinnott (Springfield): Mr. Speaker, a day or two ago I referred to the member for Moose Jaw (Mr. Thatcher) as a parlour socialist. In view of what he has said tonight, I believe I can extend that reference and say that he would like to be a parlour politician. He would like to sit in an armchair and have a commission doing the work

instead of doing the work which his constituents send him here to do. Up until tonight I believe everyone in this house regarded the hon. member for Moose Jaw as an intelligent young man. After tonight, it is doubtful whether they will agree with their former decision.

First of all, I should like to get a yes or no from the leader of the opposition (Mr. Drew). Oh, I am sorry, I do not see him here, but perhaps some member of his party will answer for him. In any event, I leave this with him to think over. Will he agree with the hon. member for Moose Jaw that we should do away with the British tradition which, as was pointed out tonight, is in existence now, that members of parliament have nothing to do with appointments in the two post offices? This has been a British tradition over a long period of years.

I wish to congratulate the leader of the opposition on bringing forward this resolution. I am sure that when he did so he intended to bring to the attention of the people of Canada certain things. As the Minister of Public Works (Mr. Fournier) pointed out tonight, there were some things missing from the resolution. When the member for Kamloops (Mr. Fulton) spoke, he referred to the plight of the tired old doctor. By the time the doctor got to see the patient, the patient was dead. I gathered from his speech tonight that the leader of the opposition was like the doctor. He was getting old and tired, and the member for Kamloops was making a strong bid to be the leader of the opposition. The weakness of the resolution moved by the leader of the opposition was quite evident from the time he took, I believe it was about an hour and a half. As the Minister of Public Works pointed out, there was no meaning in the resolution, so I believe that hour and a half was wasted.

In bringing forward this resolution the leader of the opposition has shown a complete lack of confidence in himself. He has shown a complete lack of confidence in his party. He would rather pass on his responsibility to a commission. He has proven that he has been lax. He has shown his complete inability to carry on the duties of the opposition. He has shown his indifference in taking up the time of the house suggesting that a committee of this kind be appointed. He has shown an indifference to delving into matters which are of importance to the country. This is the duty of the opposition, and not the duty of a commission. Members of the opposition think this is a very good way to get away from their responsibility by passing the buck on to a commission. Possibly he would like to be the leader of the opposition giving directions from an armchair to commissions, and therefore have no responsibility himself to the country.

When the member for Moose Jaw spoke tonight, he said that no good could come out of these committees. I believe hon. members can recall that one of the most important pieces of legislation ever introduced was recommended by a committee, and that was the old age pension scheme without a means test. This was the unanimous recommendation of a committee. If the hon. member thinks that piece of legislation was not important, then he does not agree with his leader; he does not agree with the member for Winnipeg North Centre (Mr. Knowles), and he does not agree with his party at all. I would say, Mr. Speaker, that we should lose no time in voting down this motion, and getting down to the business of the house.

Mr. Clarence Gillis (Cape Breton South): I believe that this resolution, Mr. Speaker, is one that should concern every member of this house. Personally, I suspect a motive and I am going to give my reasons for saying that before I sit down. This afternoon the member for Rosetown-Biggar (Mr. Coldwell) expressed the opinion of this group, with apparently one exception, in so far as the resolution is concerned. In moving this amendment, the leader of the opposition has made certain arguments. With some of those arguments, I agree.

For example, I agree that there is a necessity for an examination into the Petawawa incident. As stated in the press within the last few days, the Department of National Defence has written off about $2·5 million as a result of thefts and fires. I believe there is a cause for investigation into that matter, and a thorough investigation. So far as the public or the members of this house are concerned, as yet there has been no intimation as to whether anyone in the services is going to be taken to task for the loss of that amount of money. The army, navy and air force rigidly enforce discipline in the lower ranks. A private or non-commissioned officer is dealt with very strictly if he is absent for a couple of days or if he commits some slight misdemeanour. He may be thrown in the clink with a fine of ninety days' pay, and his wife's allowance is stopped. The regulations are enforced so far as the lower ranks are concerned. The kind of thing that happened in Petawawa is not the responsibility of the lower ranks, as was clearly indicated by press statements and the evidence we have had a chance to see. I believe the Minister of National Defence (Mr. Claxton) and the government should

make an investigation into the fire and theft proposition, and whoever may be guilty, regardless of rank, should pay the full penalty. I agree with the observations of the leader of the opposition in that regard.

I do not agree with him when he asks for a royal commission to investigate the workings of government. I believe that is the responsibility of members of parliament; that is our job. In making his argument today, the leader of the opposition was quite inconsistent with arguments he has made in the past. For example, he has made many statements in the house with regard to order-in-council government. He and many of his supporters have made many accusations against the cabinet running the country without reference to parliament. On the other hand he and some of his supporters—a very few of them—have taken the stand in the house that they were opposed to the two sessions called by the Prime Minister (Mr. St. Laurent) and the government for the purpose of completing the business of the house. The leader of the opposition and his supporters cannot have it both ways. If he objects to the cabinet's running the country and if he objects to order-in-council government, he is completely illogical when he says that the members should not be brought back in order to direct the government on matters that may come before this house. You either have to have the members here or, in effect, have the country run by the cabinet. The hon. member for Kamloops (Mr. Fulton), the hon. member for Eglinton (Mr. Fleming) and the leader of the opposition have stated on a good many occasions that they are prepared for this house to sit from February until June. If that is so, it is obvious that the only people to run the country for the other eight months of the year are the cabinet. Members of the opposition will have to make up their minds which way they want it.

As indicated by the Minister of Public Works this job is a full-time one. If members of parliament do not accept it on that basis, they are certainly not going to be in a position to do the work that is necessary here.

A royal commission to regulate the policies and the expenditures of the government and so forth is certainly not analogous to the suggestion that was raised by the hon. member for Kamloops. For example, he stated that the government set up a royal commission on the arts, letters and sciences. It is true that they did so. That is a special field with which most of the members of this house are certainly not familiar. It is a subject which required long and detailed study and contact with organizations across this country who specialized in that field. A royal commission or a commission for the purpose of developing a report that could be studied by members of this house certainly was something that was necessary in that field.

Again, the hon. member for Kamloops tried to prove that a royal commission to examine the Saskatchewan river project is analogous to a commission to regulate government and government expenditures. It certainly is not analogous to a royal commission to study a project such as the Saskatchewan river project or the Canso project, for example. That is an engineering project. How many members of this house are in a position to sit down here and tell the government what is right and what is wrong with regard to harnessing the rivers, developing power and that kind of thing? Very few of them. Therefore in a practical proposition of that kind it is necessary to get men who are qualified to make a report and to guide the government in the matter. The hon. member for Kamloops certainly was not presenting an analogy to the present proposal of the leader of the opposition.

The hon. member for Kamloops says again: What about the commission on transportation? That is another proposition. I do not know whether or not he was on the committee that studied the findings of the royal commission on transportation but I was. Members of the House of Commons do not speak the language of the railroads when examining freight rates. I found out that fact. There were some 1,500 different rates as between one section of this country and another. It was a new language to me. To me it is certainly something that we never would have been able to finalize in this house without a detailed study on the part of the royal commission, putting the thing in such a way as we could understand it. I think that was necessary.

But this proposition put forward by the leader of the opposition this afternoon is completely different. As I said a few moments ago, the opposition will have to make up their minds whether they want the cabinet to run the country for eight months of the year and to leave the members home; whether they are satisfied to bring the members back here to run the country when it is necessary, as indicated by the Prime Minister (Mr. St. Laurent) on two occasions, or whether they want to appoint a royal commission and let the commission do the job that we are supposed to do. That is why we are elected.

The great trouble with most of the members of this house, in my opinion, is that they are too busy thinking about their own businesses at home to pay attention to the business of the country. In my opinion that

is the trouble with them. They are trying to arrange every kind of device, no matter who runs the country, in order to get home and to get to their own businesses rather than sit here and give to the business of the country the examination that it should be given.

As a rule, royal commissions serve little purpose except in the technical fields. I have in mind the report of the price spreads commission. It went to the archives to gather dust, as did the reports of several other commissions that we could mention. The report of the royal commission on coal was quite a document but it served little useful purpose. It took a long time to compile and it cost a good deal of money, but, with few exceptions, none of the recommendations were implemented.

I am therefore completely opposed to the setting up of any kind of a commission that is going to usurp the powers of the members of parliament. I think it is our job to examine the estimates, to take the government to task, and to spend ten or twelve months of the year here, if it is necessary, to do its business. My advice to anybody who is not satisfied to spend the major portion of his time in this House of Commons doing that business is to have an examination of conscience and try to find out where he wants to work.

I was rather surprised a few moments ago to hear one of my colleagues get to his feet and agree with this proposition. I said a moment ago that I suspected motives. Well, I think that hon. gentleman has a motive. I believe he would rather be back home doing business than be sitting here in the House of Commons. I say that quite frankly.

An hon. Member: I think you are out of order.

Mr. Gillis: I am expressing an opinion; I am not imputing motives.

Mr. Speaker: Order. I do not know to whom the hon. member refers. I do not know whether the hon. member is in the house.

Mr. Gillis: He should be.

Mr. Speaker: I do not think the hon. member should impute motives, especially if the hon. member is not in the chamber.

Mr. Gillis: I said a moment ago that I was not imputing motives, but that I was expressing an opinion. If the hon. gentleman is not in the house, that is not my fault. He should be here. But if you think these remarks are offensive, Mr. Speaker, I will withdraw them.

Mr. Speaker: In view of the fact that the hon. gentleman referred to is not here, I think the remarks should be withdrawn.

[Mr. Gillis.]

Mr. Gillis: Thank you, Mr. Speaker. I am merely setting out the facts as I see them; but I was rather surprised. If I was going to get to my feet in this house and make a speech telling the government that I thought their expenditures were out of line, I would do some digging and I would be able to put on record here some facts showing where they were out of line. No hon. gentleman who has taken part thus far in this debate has put on the record any facts in connection with what he considered were exorbitant expenditures which should be corrected.

The hon. member for Moose Jaw (Mr. Thatcher) made a couple of observations with regard to what he considered to be overstaffing. I was rather surprised that he would go away downstairs in the basement of this building in order to effect economies. I am sure that the categories he picked are peanuts in comparison with total government expenditures. I should just like to say this as to the post offices in this building. They are giving us good service. There are 262 members in this house. I believe that the staff we have downstairs on the members' side is a fairly small one to handle the mail of 262 members and see that it is handled efficiently. As to the staff they have there, I believe there is no extraordinary expenditure as to which you might make a saving. I am reasonably sure that the first people to make a complaint, if their mail was not delivered expeditiously, and so forth, would be some of the gentlemen who are criticizing that particular section of the House of Commons downstairs. What about the barber shop? I think there are two barbers in the members' barber shop to handle the number of members that are in this building. I do not think there is any money wasted there. I think every member will agree that when he goes in there to get a haircut or a shave he will generally find a waiting list. The service is very good; the wages are not very high. The same thing applies to the protective staff on the inside of this building that looks after the needs of the members, locking their doors, as they do at night, and closing their windows, and in many other ways performing services for them. I think it is small potatoes for any member of this house to pick on the staff of the House of Commons in the categories that my hon. friend did for the purpose of saving a few dollars.

All these people are underpaid. They are just eking out an existence. Most of them are ex-service personnel either from this war or from the first war, and they wear a ribbon. Most of them are in a position where they could not go out and compete in the labour market. I, as one member of this house—and I think the great majority in this house

would agree with me—at no time would relegate somebody to the street just for the purpose of saving $3, $4, or $5 a month to pile up a surplus for the government. What is the opinion of hon. members who take that position that they want to save more money? They say they want to save the taxpayers' money. The tax rate is fixed for this year. There is going to be no change in it. They want another surplus of $300 million to be piled up. What for? So that the Minister of Finance can take that money and pay it to the chartered banks and the trusts across this country in interest on bonds. Pay it back to the banks in interest. Discharge ex-servicemen on the staff of the House of Commons who were fighting a war when these bonds were being sold to financial houses who were accumulating profits for the future. There is no saving there; there is no justice there and there is no common sense. I am prepared to pay it out in wages so that people may eat, wear clothes and live in a house rather than have it accumulated as a surplus for the Minister of Finance to pay it out to the chartered banks and the trusts and so forth in interest. In effect that is what the proposition means.

I do not want to delay the house too long, Mr. Speaker; but so far as I am concerned the motion moved by the leader of the opposition is just about as effective as a harpoon would be to a sardine fisherman, and I am opposing it.

Mr. G. C. Nowlan (Annapolis-Kings): Mr. Speaker, I think after the words this afternoon of the hon. member for Temiscouata (Mr. Pouliot), almost inviting someone to take part in this debate, I could not allow the opportunity to go by without making a few remarks with respect to this motion. There has been a great deal of discussion on this matter which I think is absolutely immaterial, and is not in keeping with the motion at all. It has been suggested that the leader of the opposition was very foolish to bring in such a motion to waste the time of the house. But I would point out to you, sir, that this debate has at least this accomplishment to its credit. We have had two cabinet ministers taking part in the debate. I do not think there has ever been anything else before the House of Commons during this session which has brought two cabinet ministers to their feet in one day. Therefore I think it has some merit from that standpoint as well. And I am sure that the contribution of my friend the Minister of Public Works (Mr. Fournier) never reached the heights in the past that he did tonight, with his humour and that graceful Gallic touch of his. The only time that he approached it was when he tried to put through a bill last year to amend the Public Works Act. We remember the remarkable job he did to try to get the house to accept it, but in the end he had to accept substantial changes in it. His effort tonight was in keeping with that.

It has been suggested by some that the passing of this resolution involves an abrogation of the rights of parliament. If it involved that, sir, I for one would not be supporting it, and I do not think anyone on this side of the house would be supporting it either.

I always enjoy, and I usually follow with some considerable appreciation, the arguments advanced by the leader of the C.C.F. party. I must say I could not follow him at all this afternoon when he suggested that by the passing of this resolution we would be doing something which would be reflecting upon the rights of parliament or abrogating them. The Minister of Public Works seemed, I think, to answer that very well himself when he spoke a few moments ago. When his estimates come before him, what does he do? He calls in his experts. He said that is the very first thing he does. I do not think he considers that an abrogation of his function as minister. Then he said he calls them in again; he calls them back the second, and the third time; and so effectively do they slash his estimates then he weeps tears after having called them in these different times, and could not sleep at night when he left here. He did not think he was abrogating his functions. He considered he was carrying them out.

Then he made this suggestion. He said that members of parliament should do this work and carry out the functions envisaged by this motion. He said, and quite simply and truly, that members of parliament who are doing a job here—and I think myself that they are all trying—are around here fifteen hours a day, and they do not get through the work that now confronts them. I think that is a reasonably fair statement; in fact, it is very fair. And if we spend all that time now trying to do the work with which we are confronted I would like to ask the minister, where would we get the time to assume these other responsibilities that are envisioned by this motion?

He said the function of the opposition was to investigate. He himself answered that, when he referred to his friends over here, the hon. member for Winnipeg North Centre (Mr. Knowles), the hon. member for Eglinton (Mr. Fleming) and the hon. member for Peel (Mr. Graydon). He said they were his closest friends in that committee. The hon. member for Winnipeg North Centre interjected that his friends were unanimous in wanting a

certain course of action carried out. Why was it not carried out? It was not carried out because the graceful, charming gentleman with the captivating smile, with the whole force of the government majority behind him, said No, and the wishes of his friends were nullified. It is the same situation with anything else that the opposition may desire, as was so ably pointed out this afternoon by the hon. member for Peace River (Mr. Low). I am not going to enlarge upon his arguments here.

The Minister of Trade and Commerce (Mr. Howe) brought up the analogy of the civil service, and suggested that he had, and probably other departments had, as able businessmen as deputy ministers as could be found in this country. I am prepared, and I am quite sure we are all prepared, to accept the statement. I think we can all join with him in paying a tribute to our civil service. We realize that at least in the upper brackets the men whom we have attracted to the public service are of a calibre that is certainly second to none, and probably superior to that which is employed in the government service in other countries. We accept that; but the deputy minister to the right hon. gentleman I am sure is kept pretty busy looking after his department, because I am sure the minister sees that the deputy minister does his work—he would not have him there if he did not. The same is true of the deputy minister of public works who is back and forth at the many conferences which the minister told us about a little while ago in whittling down these estimates. If every deputy minister is here working efficiently they are doing a good job, but they cannot see the forest for the trees, sir, because they are busy in their own departments. That is the only difference.

As I see this resolution, it asks the government to appoint some independent body, some group, some person or persons, who are not attached to any one department, who are not working here fifteen or eighteen hours a day, who have wide experience and knowledge, the best you can find, whoever they may be. They may not be one bit better than some of the men the minister referred to this afternoon. But they have that independent position. They are divorced from departmental responsibility, and surely it cannot be argued that that is a wrong thing to do, that that is an abrogation of the rights of parliament, that that is an opposition refusing to carry out its function. That is an argument so specious that it should not even be considered. I am really amazed, sir, that it was uttered.

There have been many royal commissions. Was there not a royal commission once which brought in a report—and perhaps this is why hon. members on the other side of the house are so opposed to the idea. It seems to me that there was a royal commission once that brought in a report which prompted someone to say that "he was walking through the valley of humiliation."

And so you have had abrogation—if it is an abrogation of parliamentary function—you have had it time and time again in the study of the various phases of government, which were pointed out by the hon. member for Kamloops (Mr. Fulton). You have had commissions making studies since the days of Sir Wilfrid Laurier, after the change of government, away back in 1896, and they have come down through the years. They have had them in Great Britain; they have had them all over the world where the parliamentary system has existed.

All we are suggesting is that the same thing be done here. Now, the Minister of Public Works spoke about the way the government was operated, and suggested that no study need be given to the operation of departments. Well, there was a royal commission that met last year, one that was headed by a distinguished Canadian, and the report of which I hold in my hand.

Strange as it may seem, it deals to a certain extent with the Department of Public Works. It deals with the storage of the records of this country. I am not going to read what is contained in this report, but what I am referring to is to be found at pages 113 and 114. What it says is that according to the evidence produced before that commission the storage of documents, over half of which, it says, should be destroyed, occupies over 350,000 square feet of space. The commission finds that figure astonishing when it recalls that the Confederation building in Ottawa has only 190,000 square feet.

Mr. Fulton: At $3 a square foot.

Mr. Nowlan: I say that 350,000 square feet, or a substantial part of it, was rented and, as the commissioner says, half of the material should be destroyed. Then the report refers back to another commission in 1912 which recommended the destruction of those records even at that time.

The Minister of Public Works (Mr. Fournier) is, of course, so busy cutting estimates that he has not had time to dispose of the material which requires so much floor space. But surely if a commission looked over it they could work out some way so that he could get rid of some of this. After all, it was a cold winter in Ottawa, the winter just past, and the poor people might have used some of it for fuel.

That is just one example of the way in which co-ordination and inspection would result. Then this afternoon the right hon. gentleman made reference to professional services, and he said that professional services had increased over the years. He said that there were no professional services today which were not necessary, and that all of them could be justified.

Well, that may be so, but I would like to see the report of a commission on the point. I think the right hon. gentleman himself, if he had his way, would certainly deal with some of these expenditures for expert services. For instance, I find in the public accounts for this year some information at page N-21 which is of interest to me. There we find reference to the payment of fees to architects. We see fees of $134,800 for architectural and engineering services on a standard ordnance warehouse; that is, preparing plans for one standard ordnance warehouse, $134,000.

Then there is another one of $128,938 for services in connection with camp buildings. I have inquired into those services, and I find that this is being spent for all sorts of imaginary buildings—a 12-room guard house, a 24-room guard house, a platoon cook house—everything except a Chic Sale special.

Here we have expenditures for everything—engineering and plans—plans for these imaginary buildings. This architect charges commissions on imaginary supplies with which to build these imaginary buildings; and he charged a commission of 7½ per cent on them. There we have a few of $128,938 for these plans for buildings which now are tucked away somewhere in a drawer, and for the imaginary supplies which went into these imaginary buildings.

And then, on the same page another gentleman received $63,864.98 for doing the same type of work—engineering work, and supplies—for imaginary buildings for which he had drawn the plans. This account refers to one company armoury. We have seen those in our small towns, and we know what a company armoury is. It is not much of a building. It also includes a 2-battalion armoury. Certainly that is not a gigantic building. But there are architects' fees and commissions in connection with these two buildings, and the work is still going on; it is not completed yet. Up to date, for architect's services and commissions on imaginary supplies for these imaginary two buildings his fees are $63,864.98.

We find consultants' fees, engineering fees and architects' fees running through practically every page of the expenditures for the Department of National Defence. And when we come to the Department of Public Works, run by an efficient minister, we have there a huge sum for architects' fees, undoubtedly properly spent. I should think it possible that some investigating agency would find that it was not necessary to employ a technical man downtown or to go downtown to get someone to draw the plans for imaginary buildings of this kind. The matter could be turned over to the Minister of Public Works, and the architects of that department could do it. That is a suggestion which, I think, is worthy of consideration.

Those of us on this side of the house will remember last year when questions were asked regarding expenditures made in connection with certain legal fees for a certain individual. Something like 40 days went by, and then the Prime Minister himself finally intervened. He undertook that he would give his personal supervision to the matter, so that the return would be brought down. Forty days elapsed before it came down. The Prime Minister of course exercised every pressure possible to have it brought down earlier.

This was a legal bill. I suggest that the Canadian Pacific Railway, or perhaps the right hon. gentleman if he were the head of a corporation, would be able to tell inside of 24 hours how much he had paid in fees to any lawyer in Canada, if his bookkeeping system were in good shape. And if the bookkeeping system was so deficient and so inadequate and so complicated that it took 40 days to get a return down for legal fees, even with the Prime Minister's personal intervention, then I suggest there is a possibility of some study of that system being required.

I am bringing up these examples to show ways in which I think some improvement could be made. It has been suggested that this is an abrogation. It is not an abrogation. It is suggested that it is something which should not be done. I say there is not a businessman in Canada, there is not a firm in Canada, that has not done this very same thing.

The right hon. gentleman himself told about the efficiency which resulted from the investigations he had conducted in connection with the film board. Well, if it was a good thing to do in one department, it would be a good thing in all departments. We are engaged in the biggest business in this country, the most complicated business in this country, the most expensive business there is.

With all due respect to my colleagues in the House of Commons I say there are no members in the house—none—who have the ability and the experience and the judgment

required to survey this whole, tremendous organization, this whole tremendous system of government. And it must be done. It must be done if democracy is to function properly.

And I believe it can be done. Here is an approach; here is one rational approach to the proposition. I say that members of the House of Commons on all sides should give it their support; and it will be a good thing for this parliament, it will be a good thing for this government, and it will be a good thing for Canada if that is the result.

Mr. George H. Hees (Broadview): There have been a number of comments tonight and at other times regarding the hon. member for Moose Jaw (Mr. Thatcher). Since the time he spoke on the budget debate comments have been made about him. I would like to say that, for my part, I believe if all members in the House of Commons had the political courage to speak their views according to the dictates of their conscience, as the hon. member for Moose Jaw has done, we would get much better government in this country. I am giving my own personal view.

We have heard the opinion expressed tonight, and on other occasions, that parliament should be a full-time job. In theory that may be all right, but in practice it is absolutely impossible. A young man with a young family may be elected and possibly re-elected for his second term. If he neglects his business, his profession or his occupation, and is defeated, as he must expect to be sooner or later, then how in the world is he going to be able to support his wife and young children? That is one thing that makes it impossible to consider this parliamentary business as a full-time job, even though in theory it is a good idea. It is necessary for every hon. member to keep his job going while he is here acting as a member of parliament.

Just in passing, I should like to repeat what I said last fall. If this parliament is to function, and if we are to get young men to come down here, then one contribution the government can make is to make free air transportation available to members who live farther than four hundred miles away from Ottawa. We who live closer than that do not need it, but hon. members farther away definitely need it because they must keep in touch with their business, their profession, their family and their constituents. You are only as good a member of parliament as the extent to which you keep in close contact with all the things I have mentioned.

[Mr. Nowlan.]

I find it hard to understand the government's refusal to have the day to day operations of the various departments examined to see if they could be operated in a more efficient manner. There are few successful corporations today which do not call in efficiency engineers from time to time to look over the day to day operations of their departments, from a purely unbiased standpoint. Corporations do not expect their departmental managers to report on their inefficiencies; neither is it sensible for this government to expect deputy ministers to come forward to their ministers and report on the inefficiencies in their departments. That just would not be human nature. It will not be done, and it is not being done, and it never has been done.

An efficiency survey in business is not looked upon as indicating a lack of confidence in the management. It simply indicates a desire on the part of management to make sure that the most efficient methods possible are being used by the various departments in the company. The company with which I happen to be associated called in the Gordon company, which the Minister of Trade and Commerce (Mr. Howe) referred to this afternoon. These people are efficiency engineers. We felt that we were doing pretty well, but we thought we would like to find out if anything could be done better.

We were simply amazed, as this government would be amazed, to find that the things that we thought were being done efficiently and smoothly were being done in a manner completely inefficient and were running in anything but a smooth way. We made the changes they recommended, with tremendous advantage to the company concerned.

If the government will call in people of that type and calibre, there is no reason why they cannot be told an infinite number of ways in which little things can be done more efficiently, thus saving the taxpayer a great deal of money. For the government to take the attitude that the day to day operations of the various departments cannot be made more efficient—and that is the attitude the government is definitely taking—displays a state of mind which would lead a commercial corporation into rapid bankruptcy.

That is no exaggeration, for it is the state of mind displayed by corporations just before they go to the wall. They figure everything is all right; they think they are in an entrenched position; the management does not want the affairs of the company looked into; they refuse to accept suggestions made by younger members of the staff; and the first thing they know they have gone to the wall.

This government seems to feel that because they operate with the taxpayers' money, economy and efficiency are of no importance. That demonstrates a state of mind which would cause the shareholders of a commercial corporation to demand a new management. I have been around a couple of the ridings in which by-elections are to be held, and have talked to many voters. Judging by the expressions of opinion given by ordinary men on the street, I feel confident that the people are going to demand a change in the management of the affairs of this country in the very near future.

Mr. Rodney Adamson (York West): Mr. Speaker, I rise merely to deal with one point which has come up in the debate this afternoon. This was raised principally by the C.C.F. party. I take the most wholehearted objection to and am in complete disagreement with what they have said about the functions of this House of Commons. I am not a very old member of this house but I have been here for three parliaments and believe I have sufficient seniority to say the things I am about to say.

This House of Commons represents the people of the country, not only on a geographical basis, but on a professional, trade or calling basis. It represents them as individual members with particular skills and knowledge. Some hon. members are lawyers, some are doctors, some are farmers, some are businessmen and some are engineers. In my opinion the value of this house lies in the fact that it contains a great and varied assortment of different trades, callings, professions and lines of endeavour. When a particular question comes up there will be among us one, two, three or perhaps more who will be able to speak to the point with a great deal of professional or intimate knowledge of what is before the house. They will in fact know what they are talking about. I think that is of great value to any deliberative legislative assembly.

What are we doing? By the length of our sessions and the policy advocated by the C.C.F. we are endeavouring to make membership in this House of Commons the sole business and occupying the entire time of the elected member. I think that is wrong and dangerous. I think it is dangerous because if a member of parliament has nothing to do except to be a member his judgment on the questions coming before him will almost entirely be governed by political considerations. I repeat that that is wrong and dangerous. That is one danger arising from long sessions and the life we lead. We are making ourselves into professional politicians, and our judgment on the subjects coming before us is likely to be based entirely upon the political reaction to what we say or do in this place.

I think that is wrong and dangerous. If a man who is an engineer becomes a member of this house he should be able to continue as an engineer; he should have sufficient time to maintain his knowledge of his profession on at least a reasonably high level, and so with a man in any profession or in business. Otherwise we run the danger of becoming a group of robots whose actions are dictated either by party discipline or by the belief that taking a certain course will be politically advantageous. To me that is the antithesis of representative government. I feel that to take away a man's individuality when he becomes a member of this house is perilous. I believe that to adopt the suggestion put forward by the C.C.F. that this is an exclusive and full-time job would destroy the efficiency of this house so that it would no longer be a truly representative assembly of the Canadian people. In addition I think it would be most destructive to the democratic principles in which we believe.

The house divided on the amendment (Mr. Drew) which was negatived on the following division:

YEAS

Messrs:

Adamson	Harkness
Beyerstein	Hees
Black (Cumberland)	Johnston
Blackmore	Lennard
Blair	Low
Browne (St. John's West)	Nickle
Casselman	Nowlan
Catherwood	Pearkes
Churchill	Quelch
Coyle	Ross (Souris)
Dinsdale	Stanfield
Drew	Thatcher
Fair	Thomas
Fraser	Tustin—29.
Fulton	

NAYS

Messrs:

Anderson	Campney
Applewhaite	Carroll
Argue	Carter
Ashbourne	Cavers
Bater	Claxton
Beaudoin	Cleaver
Benidickson	Coldwell
Bennett	Corry
Blanchette	Cote (Verdun-La Salle)
Blue	Crestohl
Boisvert	Croll
Boivin	Cruickshank
Boucher	Dechene
Bradette	Denis
Bradley	Dewar
Brown (Essex West)	Dickey
Bryce	Dumas
Byrne	Dupuis

Eyre	MacNaught
Ferrie	McCann
Fournier (Hull)	McCulloch
Gardiner	McIlraith
Garson	McIvor
Gibson	McLean (Huron-Perth)
Gillis	McWilliam
Gour (Russell)	Major
Harrison	Martin
Healy	Monette
Hellyer	Murray (Cariboo)
Helme	Murray (Oxford)
Henderson	Mutch
Herridge	Noseworthy
Hetland	Pearson
Howe	Prudham
Huffman	Richard (Ottawa East)
Jeffery	Robertson
Jones	Rooney
Jutras	Rousseau
Kirk (Antigonish-Guysborough)	Simmons
	Sinnott
Kirk (Digby-Yarmouth)	Smith (Moose Mountain)
Knight	Stewart (Winnipeg North)
Knowles	Stewart (Yorkton)
Lafontaine	Stick
Laing	Stuart (Charlotte)
Langlois (Gaspe)	Studer
Larson	Viau
Leduc	Ward
Lesage	Weaver
Macdonald (Edmonton East)	Weir
	Welbourn
MacDougall	Whiteside
MacKenzie	Winkler
MacLean (Cape Breton North and Victoria)	Wood
	Wright—107.

Mr. White (Middlesex East): I was paired with the hon. member for Middlesex West (Mr. McCubbin). Had I voted, I would have voted for the amendment.

Mr. Speaker: I declare the amendment lost. Is it the pleasure of the house to adopt the motion?

FLOOR PRICES FOR AGRICULTURAL PRODUCTS

Mr. H. R. Argue (Assiniboia): I rise to advance another matter of urgent public importance, Mr. Speaker, and that is the inadequacy of the government's floor prices under farm products and the failure, in many instances, to have those floor prices enforced. Towards the end of the war the government introduced the Agricultural Prices Support Act. At that time we were assured that there would be a fund of $200 million for the support of agricultural prices in the post-war period. The government assured us that when those prices were established for agricultural products they would be fair and reasonable, and would take into account the fact that farm prices were held down during the war years. We in this group have complained before that in the Agricultural Prices Support Act there is not a precise formula by which floor prices are established. We have, therefore, floor prices established from time to time that bear little or no relationship to the cost of production. Worse still, after the floor prices are established those floor prices are not enforced, and the producer often receives very little advantage from them.

Let us consider the floor price under hogs. That floor price is $26 per hundredweight for grade A hogs at Toronto.

The price for hogs that are overweight and for sows, No. 1 and No. 2, is forced down a long way below the floor particularly with market conditions as they are in western Canada. I believe that even in other parts of Canada farmers are often unable to market their hogs at the time they are within the grade A or B weights, and when the hog is overweight the government floor price fails to operate. I have received frequent protests from farmers in western Canada that the prices they are receiving for overweight hogs are as low as 13 cents a pound rail grade. When the price goes down to such a low figure, it certainly means a severe loss to agricultural producers. I say, therefore, that when the government establish a floor price under hogs they should establish a floor under each and every grade. When that floor price is set, then it should be enforced.

Mr. Gardiner: So it does.

Mr. Argue: Is the minister saying that the best floor price the government can give is $13 per hundredweight, rail grade, for No. 1 and No. 2 sows? As to the floor price under eggs, I do not know how it operates, I am sure. When the floor price was established back in the spring of 1950, the original announcement—and it has not been changed since then—was that the government would pay 38 cents per dozen for grade A large eggs coming out of storage in the fall; and that in addition to the 38 cents a dozen for grade A large eggs the government was prepared also to pay up to 5 cents per dozen as a storage fee. In other words, the packers could receive the basic 38-cent floor, plus 5 cents for storage, or a total of 43 cents a dozen for grade A large eggs. Today the quoted price in Saskatchewan of grade A large eggs is 27 cents a dozen. That is the quoted price, but I am afraid that most farmers are receiving a great deal less than that.

The farm wife in my constituency—and a number of them have written to me—who takes a case of eggs to the local storekeeper is often paid by the local storekeeper who handles the eggs on an average grade basis of 10 cents a dozen. The price is 10 cents a dozen to the producer and up to 43 cents a dozen to the packing company. The policy the government is now following in relation

to eggs is one which has been of substantial benefit to the packing industry but is of precious little benefit to the farmers.

I say that whatever price is established for hogs, or for eggs or for any other farm product, should be a price payable to the producer and that the packing companies and the other buyers should be forced to pay those prices.

Mr. Blue: On a point of order, may I ask the hon. member this question. Do you sell your hogs rail grade or live grade?

Mr. Argue: That is no point of order. The hon. member has been around here a long time—

Mr. Blue: Answer the question.

Mr. Argue: I do not intend to answer that question.

Mr. Speaker: Order.

Mr. Blue: I do not think you can.

Mr Speaker: Order.

Mr. Blue: The price you are quoting is not the top price but the bottom price.

Mr. Argue: The prices I have quoted are for sows, rail grade, and not live hogs.

Mr. Blue: In Toronto?

Mr. Argue: No, not in Toronto. I do not expect the rate is much better there, but my hon. friend can check it. I did not however quote Toronto prices.

I say that the floor price under hogs, as it affects the hog producers in western Canada, and Saskatchewan hog producers in particular, is of little advantage because the farmers have difficulty in marketing their hogs when they are out of the right weights for grade A and grade B, and therefore have to take a much smaller price when the hogs are overweight.

Then the government announced a floor price for beef. Was it the floor price asked by the agricultural producers of Canada? The agricultural producers from one end of Canada to the other had asked for a floor price of $28.50 a hundredweight. I am getting, as I am sure are other hon. members, a great many resolutions from local rural municipal councils in western Canada. This one was a resolution passed by a particular rural municipal council in Saskatchewan, namely the rural municipality of Hazel Dell, No. 335, circulated to other municipal councils, a great many of whom passed the resolution and sent it to members of parliament and to the government. The resolution I now quote from was passed by the rural municipality of Key West, No. 70, and is a copy of the resolution sent to the Minister of Agriculture (Mr. Gardiner). The resolution is as follows:

> It was moved by councillor John Prentice that whereas at the Saskatchewan Association of Rural Municipalities in Saskatoon on March 14, 1952, no amendment was moved, as was anticipated, to have the 25-cent floor price on cattle changed to 28½ cents, and also that a fair floor price on sheep and lambs be implemented;
>
> And whereas the federal government suggested floor price of 25 cents based at Toronto is not sufficient in comparison with the high costs the livestock producer has to pay;
>
> And whereas it is regrettable that cattle in Saskatchewan have to be sold at about half the price they are worth;
>
> Therefore be it resolved that we ask the federal government to immediately implement a floor price of 28½ cents for cattle and a fair floor price for sheep and lambs.

That is the resolution that is being circulated amongst the rural municipalities in Saskatchewan and is being passed by these municipalities. It informs the government that the 25-cent floor price is too low, that the floor price should have been $28.50 per hundredweight. That is one important aspect of the government's floor price for beef.

Another important aspect is the fact that, even though a floor price is established, in a great many instances that floor price is not being received by the producer. In announcing the floor price on April 22, the Minister of Agriculture said that on good steers there would be a floor price, basis $23.35 a hundredweight at Winnipeg. I have before me the Winnipeg *Free Press* for Saturday last. It quotes the prices for good steers, over 1,000 pounds, on the Winnipeg market at from $21 a hundredweight to $22.50 a hundredweight. Therefore the price quoted by the packers at Winnipeg is from $1 to $2 per hundredweight less than the government's floor price. Whenever a floor price is set, I think it should be an equitable floor price. But even if it is a floor price which is less than that which I should like to see established, nevertheless I feel it is the duty of the government to enforce that floor price once it is established. Although the minister announced in parliament that at Winnipeg the floor price for good steers would be $23.35 a hundredweight, we find a few weeks later that the farmers are receiving from $1 to $2 a hundredweight less than the floor price.

The situation at Saskatoon is even worse than the situation at Winnipeg. It was announced by the minister that the floor price on good steers at Saskatoon was to be $22.80 per hundredweight. I have the Saskatoon *Star-Phoenix* for Wednesday, May 7, the most recent issue of *Star-Phoenix* available in the reading room. It quotes good steers at Saskatoon at from $18.75 to $19.50 a hundredweight. In other words, the price the producer is

receiving at Saskatoon is from $3 to $4 a hundredweight less than the government's announced floor price.

Of what value is the floor price if, after it is announced, it is not paid to the producer? The producers in Canada want adequate floor prices. The beef producers say the present floor price is $3.50 a hundredweight less than an adequate floor price. But the floor price that is set is not being paid, so instead of the farmers receiving $28.50 per hundredweight, as they rightly believe they should receive, at Saskatoon, they are receiving $17, $18 or $19 a hundredweight.

In the same issue of the *Star-Phoenix* there is on the front page a report quoting the text of two telegrams sent by Hon. I. C. Nollet, Saskatchewan minister of agriculture, to Right Hon. J. G. Gardiner. The first telegram reads as follows:

> Relative to very serious livestock situation that has grown worse as result of restrictions on outward movement of Saskatchewan cattle. The livestock marketing situation now desperate in Saskatchewan. With no outlet available to this province, good steers at Saskatchewan selling from 16 cents to 17 cents. Saskatoon market four to five cents lower than any other market on prairies. Again urge federal government to use emergency power if necessary to take complete control and guarantee at least that floor prices be observed.

A further telegram was sent after the Saskatchewan minister of agriculture had been in contact with Saskatchewan wheat pool officials, and that further telegram to the Minister of Agriculture reads as follows:

> Have discussed livestock marketing situation further with wheat pool officials. Saskatchewan government prepared to co-operate fully relative to provincial jurisdiction to facilitate orderly marketing and maintenance of floor prices on livestock when restrictions, interprovincial trade, removed. Authorized to say pool officials offer full co-operation.

There, Mr. Speaker, in a brief way is outlined the situation that agricultural producers are facing, particularly the beef producers, a market of 16 cents to 17 cents a pound at Saskatoon, interprovincial restrictions—

Mr. Gardiner: Why don't you read my replies to the wires?

Mr. Argue: I do not believe the reply is in the *Star-Phoenix,* sir. I will send the paper over to the minister, and if he can find the replies there I shall be very pleased to read them, but I did not come across them.

Mr. Gardiner: I know they are not there, just his wires.

Mr. Argue: Perhaps the Right Hon. Minister of Agriculture did not reply—

Mr. Gardiner: Yes, I did.

Mr. Argue: —to the minister at that time. It says that these telegrams were given to the Saskatoon *Star-Phoenix* by telephone.

Mr. Gardiner: In other words, he gave the wires to the papers before I had them.

Mr. Argue: Well, I did not say that. If the minister wants to make that statement on his own initiative he may. I did not say anything of the kind.

Mr. Gardiner: I am saying it.

Mr. Argue: All I am saying is that in this issue of the *Star-Phoenix* there is no telegram from the Minister of Agriculture in reply to that message. As I was saying, Mr. Speaker, the prices that the producers are now receiving are wholly unsatisfactory. I am bringing this situation to the attention of the minister—

Mr. Blue: May I ask the speaker a question?

Mr. Argue: —in the hope that the minister can take action to see that these floor prices are in fact paid. We had hoped—

Mr. Blue: No question?

Mr. Argue: —that something tangible would be done to help the beef industry.

Mr. Blue: Will the hon. member permit a question?

Mr. Argue: All right; let's have it.

Mr. Blue: Well, sit down while I am asking it, please. I do not ask as many questions as you do, but I am going to ask you one.

Mr. Argue: Make it sensible.

Mr. Blue: Just a minute; did the hon. member for Assiniboia or his family ever go into a retail store and offer the retailer any more than the retailer asked to help out the industry that produced the goods he was selling?

Mr. Argue: That is a very silly question, Mr. Speaker.

Mr. Blue: Wait a minute.

Mr. Argue: And is a measure of the intelligence of my hon. friend.

Mr. Blue: I am asking a question—

Mr. Argue: I am discussing, Mr. Speaker—

Mr. Blue: You have not answered the question I asked you.

Mr. Argue: It was a ridiculous question.

Mr. Blue: On a question of privilege, Mr. Speaker; the hon. member has not answered my question. I do not ask many questions and I ask him for a point-blank answer.

Mr. Noseworthy: He does not have to answer.

Mr. Speaker: Order.

Mr. Argue: That was not a question of privilege at all. It is just another blue interruption from my hon. friend.

I was about to quote from the statement of the Minister of Agriculture of April 22 in regard to the government's floor prices, as found on page 1471 of *Hansard*:

If the market is oversupplied, it means the price to producers will remain at the floor.

With too many steers coming on the market the price will remain at the floor. It has not done so.

With the fixing of a floor price, it will be possible for the producer to market his cattle in an orderly manner with only finished cattle reaching the market, and if this is done the producer may expect to continue to sell all his cattle without undue market gluts, and may from time to time receive prices higher than the floor.

The minister said that the farmers would get at least the floor price, and perhaps more. Therefore that statement is certainly not being carried out. The statement goes on to say:

There are various reasons why it will be in the best interests of the cattle industry to delay the marketing of cattle while the United States embargo is still in effect, and attention is drawn specifically to the following:

I want hon. members to note this very brilliant statement:

1. When the American embargo is lifted, that market will again be available.

Well I suppose it would be equally true that when the market is again available the American embargo will have been lifted. But in any case we know that the United States is not willing to let Mexican beef into the United States for a full twelve-month period after the last case of foot-and-mouth disease has been cleaned up. If we get no better treatment—and I hope we get better treatment—

Mr. Gardiner: How do you know that?

Mr. Argue: If we get the same treatment that the United States has given to Mexico then we are facing a serious marketing situation for a good many months to come. I continue with the minister's statement:

2. Orderly marketing will relieve market congestion and undue pressure on prices received by farmers.

Well, the pressure is there, and the floor has not stopped the pressure because the prices are going right down through the floor.

The Minister of Agriculture continues:

3. The establishment of a floor price means the producer will always be in a position to obtain a minimum price for the particular grade of animals which he has to market until such time as the United States embargo is lifted.

Well, the floor price was set on good steers. I believe that floor price should have been set on each and every grade. After the floor price is set on the various grades, then the government should make sure that the packing companies pay to the producers the government's floor price.

The floor price under wheat, if I may use that as an example, is a floor price that is established for the producer. It is set on the basis of a certain grade at Fort William. The freight and handling charges are deducted, and the producer knows exactly what he will get at any given marketing point for a certain grade of wheat. That is the type of floor price that farmers demand in relation to beef, in relation to eggs, in relation to hogs or in relation to any other floors the government may establish. The floor price should be established payable to the producers and that floor price should be enforced.

When I questioned the minister on May 1 in regard to the floor price on eggs, and pointed out that producers at many points were receiving as little as 10 cents a dozen, he replied as reported at page 1758 of *Hansard*:

That is, if buyers of eggs who are putting eggs in storage are, over a period of time, buying eggs at, say, 10 cents a dozen, when the price at which we agree to take them over is 38 cents, they have been notified that it will make it extremely difficult, if not impossible, for them to collect from the government.

That is little assurance to the egg producers in Canada. The best they can hope for, and the only action the government will take, is to say to the packers, "Well, if you will not pay the floor price perhaps it will be difficult for you to collect from the government." What we need is a law in the country that sets the floor price, makes it mandatory that packers pay those floor prices, and then if they break the law, the packing firms should be penalized. No grain company dare pay less than the established prices for grain because, if they did, they would be penalized. And so I say that the law should be established setting a floor price, and that if the law is broken by a packing company, or by anybody else, the offenders should be penalized for having purchased farm products at less than the floor prices.

The minister again at a later date, on May 8, had this to say in regard to the general situation:

Mr. Gardiner: I think I stated yesterday—if I did not, I will state it now—that we have a definite understanding with all the provinces that we shall be permitted to exercise even the authority which the provinces think is their responsibility with respect to the marketing of meat as long as the United States embargo remains in effect. This arrangement has been functioning fairly satisfactorily.

The minister says that the arrangement is functioning fairly satisfactorily. Yet, at the same time, beef producers in Saskatchewan are receiving $3, $4 or $5 per hundredweight less than the floor price. How can we expect to get a better floor price when the minister says that the arrangement has been functioning fairly satisfactorily?

He did give us a ray of hope on Friday, May 2, when he referred to the excellent job his parliamentary assistant, the hon. member for Middlesex West (Mr. McCubbin), had done when he made a trip to Calgary and corrected the prices that were being paid, prices that had been lower than the floor. I am glad the parliamentary assistant made that trip, and I am glad it was successful. I suggest the Minister of Agriculture should send his parliamentary assistant to Saskatoon and, on the basis of his very successful trip to Calgary, perhaps he will be able to get the floor prices actually operating, and have them paid to the producers.

Mr. Gardiner: It is already arranged; he is going Wednesday.

Mr. Argue: My suggestion, then, was very timely. The minister says he is going; I wish him good luck. There is a real problem out there that must be solved.

I have mentioned the floor price under hogs and the floor price under beef. I believe the cheese producers in central Canada are facing very difficult times, and that they too should be given an adequate floor price. When that price is established, it should be enforced.

I see that according to the Ottawa *Journal* of May 9 the Ontario cheese producers refused a price of 23 cents a pound for 9,000 cheeses, when they were offered at auction. That in my opinion is a pretty low price, and I do not blame the cheese producers for doing their best to get a higher price. With the United Kingdom market lost, and with the American embargo on the shipment of cheese to the United States, it is no wonder that the price has gone down to the low point of 23 cents. I suggest the government should establish an adequate floor on cheese, a floor of at least 30 or 31 cents a pound, and that the government should negotiate an agreement with the United Kingdom for the sale of our cheese. Further protests should be made against the practice of the United States of placing embargoes on cheese and other Canadian agricultural products in contravention of the Geneva trade agreements.

I was not in the house last Friday at the time the minister made his announcement in regard to the arrangements that have been made for the sale of beef and pork to the United Kingdom. It was apparently a three-way deal. I read carefully the minister's statement in *Hansard,* and I noted that in his statement there was no reference to the quantity involved.

Since that time I have seen it stated in the press that the quantity involved was 30 million pounds of beef and 10 million pounds of pork. I do not know whether or not that is the correct quantity, but that was the quantity mentioned in the press. I do not know the price the Canadian government will receive for that quantity of meat; but on looking over the figures for beef and pork products, and live cattle shipped to the United States in 1951, I see that we shipped over 100 million pounds of beef and pork, and that in the same year we also shipped 200,218 head of beef cattle as well as 37,447 head of dairy cattle.

The announcement of the Minister of Agriculture, as reported in the press, is that we now have an export market for 40 million pounds of meat products. Last year we shipped not 40 million but 100 million pounds to the United States in the form of meat. We shipped perhaps almost another 100 million pounds in the form of live cattle. And so the quantity the minister announced is only a small proportion of our meat exports last year.

I would take it that the arrangement provides for the normal export of Canadian meat for a period of about three months. So that it will be necessary for the government to continue to watch our export markets, and to see that immediately the 40 million pounds is supplied other arrangements are made for a continuing export market.

We in this group have said frequently that we believe the British market should be the best permanent Canadian market for bacon and dairy products. We believe, further, that by barter and other trade arrangements the government could have maintained more successfully than it has our market in Great Britain. I hope the market we now establish over there, although a temporary one according to the announcement, may lead to a recapturing of the British market for Canadian bacon and, I would also hope, for Canadian dairy products.

I have said already that the floor prices the government has established are in most instances inadequate, and in many more instances are not being enforced. They are on a temporary and unsatisfactory basis. The floor price for beef is on a month-to-month basis. On June 1 the Minister of Agriculture will announce the floor price on beef for July. On July 1 the announcement will be made for August. So if there

is a downward trend in the market there is no assurance that the market will not be allowed to continue to go down.

All the government says is, "From one month to the next we shall provide a very minor cushion, or some small restraint on the rapidity of the fall of the market." It is not enough to say to the livestock producers, "We will give you a month by month guarantee for beef." The very least the government should do is to give the beef producers of Canada a two-year guarantee in advance. We cannot expect stability in the beef industry when the floor price is up for revision every thirty days.

I suggest not only that the floor price under beef should be raised to $28.50 a hundredweight, but that it should be enforced. I suggest also that the floor price should be more permanent and projected over at least a two-year period. I hope the government will take whatever action is necessary to see that the disgraceful prices that are being paid for eggs in western Canada are corrected. The packers are making an absolute sham and farce of the government's floor prices.

The government either should establish floor prices and enforce them on eggs, hogs, beef and other products or should admit that its floor prices are not to be enforced. Then the agricultural producers would at least know where they stand. Once again I plead with the government to provide more adequate floor prices, to enforce their floor prices, and to establish them for a reasonable period of time.

Mr. P. E. Wright (Melfort): Mr. Speaker, hon. members of the house who were here in 1944 will remember that the floor prices legislation was brought into effect just prior to the 1945 election.

Mr. Gardiner: This is just before the Saskatchewan election.

Mr. Wright: Many promises were made at that time with regard to what the effects of the floor prices legislation would be. We in this group endeavoured to have a formula placed in the act which would indicate to the producers of this country approximately what the floors would be under various agricultural products. In arguing at that time against that suggestion the minister stated that the government did not want to place any formula in the act as there were several factors which had to be taken into consideration in giving reasonable compensation to farmers for their cost of production and reasonable reimbursement for losses which had been suffered during the first two years of the war.

I think any fair-minded person who looks over the floor prices which the minister has established under this legislation during the past six years will say that neither of those factors has been taken into consideration. Invariably the endeavour has been to set prices which would in effect discourage farmers from producing further supplies of the products under which floors were being placed. I do not think that is a good enough way in which to implement legislation in connection with which such promises were made by the Minister of Agriculture (Mr. Gardiner).

The hon. member for Assiniboia (Mr. Argue) has pointed out the way in which the packing houses of this country have played ball with the government in regard to these floor prices. I am quite sure that the farmers are not satisfied with the interpretation which the packers have placed on the floor prices legislation and the prices which the government have established. The packing houses have insisted on getting the benefit of both the rise and the fall in the market.

In 1946 when the ceiling prices were removed we found the packing houses of this country raising their prices immediately to the extent that they made something over $4 million in profits on the stocks which they had in storage at that time. The explanation which they gave later on to the price spreads committee was that it was necessary for them to do that as later on when agricultural prices dropped they would have to take a loss.

What happened last year when prices dropped? Prices to the consumer did not go down immediately. They lagged anywhere from six weeks to three months, and in the case of bacon it was some six months before the price to the consumer dropped. If the packing houses were entitled to the benefit of a rise in the market then they should be in position to take some losses when the market drops. If the government was carrying out the promises it had made in connection with this floor prices legislation they would not allow the packing houses to carry on in the manner they are at the present time.

Mr. Gardiner: If what the hon. member says is true, how does he account for the fact that the prices of hogs in Canada have been higher for several months than prices in the United States?

Mr. Wright: We are not talking about the United States market; we are talking about the market in Canada and the floor prices

which have been guaranteed to the packers on pork products. The government has guaranteed a price, if I remember correctly, of 65 cents per pound for several million pounds of canned pork. For that the packers were supposed to pay the same price for heavy hogs as they were paying for bacon hogs, but the minister knows that they have not done that. The minister should not keep interrupting. If he would do something about these things instead of interrupting it would be much more to his credit.

The only way in which agriculture in this country is going to be able to function successfully is to have some long-term agricultural policy introduced which will give some security for the future. If we are to meet the demands and needs for food, not only in Canada but throughout the world, agriculture must be assured some stability. It certainly is no stability to have floor prices placed under agricultural products from year to year. We have now got down to a month to month basis. You just cannot have a successful agricultural industry in this country with a policy such as that. That is something which the agricultural industry cannot understand, nor can our farmers understand. They know that in agriculture you have to plan, not just for one year but in the case of livestock and dairying for at least five years ahead. If agriculture is to be effective there must be some forward pricing or some assurance from the government that under this floor prices legislation reasonable consideration will be given to finding markets. One of the grave mistakes made in 1947 was to allow the British market for bacon and dairy products to slip out of our hands because we were not prepared to make any concessions or to take their goods or accept their currency. The time is coming when we are going to have to do that. The time is coming when, if we are going to maintain the agricultural industry of this country, we will have to develop permanent markets for our products in Great Britain.

On motion of Mr. Wright the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we will continue with the motion to go into supply and I will call the four departments I mentioned on Friday evening. Then the Minister of National Defence will proceed with the resolution to amend the National Defence Act. The Minister of Mines and Technical Surveys will proceed with his resolution respecting the Emergency Gold Mining Assistance Act. We will then take up Bill No. 210, to provide for carrying into effect the treaty of peace between Canada and Japan. We may not proceed with that if the hon. member for Peel is not in the house. We will then take up the resolution to approve the ratification of the convention concerning genocide; Bill No. 63, to amend the Prisons and Reformatories Act; Bill No. 93, to amend the Export and Import Permits Act; Bill No. 196, to amend the Supreme Court Act; Bill No. 197, to amend the Interpretation Act; and Bill No. 195, to amend the Government Employees Compensation Act. I understand most of these measures are not controversial and should not take very long.

Mr. Knowles: Can we be assured that neither of the motions listed under government notices of motion will be proceeded with without notice the night before?

Mr. Fournier (Hull): Oh, no; I would not do that to the house. When we decide to proceed with those notices of motion I shall mention them the day before.

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

HOUSE OF COMMONS

Tuesday, May 13, 1952

The house met at three o'clock.

BRIDGES

BURLINGTON CANAL—REPLACEMENT OF DAMAGED STRUCTURE

Hon. Alphonse Fournier (Minister of Public Works): Mr. Speaker, I wish to add a few words to the statement I made respecting the accident to the Burlington bridge.

A meeting was held in Ottawa today between the acting minister of highways for Ontario, the Hon. George Dunbar, and myself, and it was agreed that the first step in connection with the solution of the replacement of the Burlington canal bridge, which was wrecked by the steamer *W. Fitzgerald* on April 29, would be the replacement of the structure with a temporary non-movable bridge which would be started and carried to completion as early as possible.

Preceding this it will be necessary to remove the wrecked bridge, which work will be started immediately. It is expected that the removal of the wrecked bridge and the construction of the temporary bridge will be completed within the period of a month.

This is the first step in connection with what might be called the solution of the joint navigation and traffic problem.

CHEESE

QUESTION AS TO PRICE ASSISTANCE

On the orders of the day:

Mr. W. J. Major (Glengarry): I should like to direct a question to the Minister of Agriculture. Has the Ontario cheese producers marketing board accepted the minister's offer of assistance in the sale of cheese under the agricultural co-operative marketing legislation of 1939? If the offer is not accepted by the Ontario cheese producers marketing board, is the minister ready to make recommendations that the government support cheese?

Right Hon. J. G. Gardiner (Minister of Agriculture): Mr. Speaker, I have had no further communications from the cheese producers in Ontario, so I am not in a position to say whether or not they intend to accept the suggestions which were made. I am discussing the question with council tomorrow, but I am not in a position to say what the results of that discussion will be.

SUPPLY

The house resumed, from Monday, May 12, consideration of the motion of Mr. Fournier (Hull) for committee of supply.

FLOOR PRICES FOR AGRICULTURAL PRODUCTS

Mr. P. E. Wright (Melfort): When the house rose last night at eleven o'clock, Mr. Speaker, we were discussing the matter of floor prices under agricultural products, and dealing more particularly with the floor prices relating to animal products and their decline as a result of the outbreak of foot-and-mouth disease. I was discussing also what measures the government was taking with regard to that. I had pointed out that when this floor price legislation was introduced in 1944 the minister had made certain promises to the house and to the agricultural industry, concerning the basis on which those floor prices were to be established. I had gone on to point out that in my opinion, and I think in the opinion of the agriculture industry, these floor prices are too low, and that even these inadequate floor prices are not being paid the farmers, owing to the failure of the purchasers of farm products to co-operate fully with the government in maintaining them.

I should like to place certain figures on the record with respect to the adequacy or otherwise of these floor prices and whether or not they really cover the cost of production of agricultural products. Anyone who understands agriculture will agree that there are three or four main cost items entering into it. First, there is the cost of living of the farm family; second, the wages paid; third, the cost of farm machinery, and finally, farm taxes. I think probably those are the four main costs in connection with agricultural products.

With regard to farm living costs, I have in my hand the *Canadian Statistical Review* for April, 1952. At page 22 it indicates that in April, 1951, the index of farm living costs stood at 197·1. In January of 1952 it stood at 215·8, so in just a few months it had risen by 18·7 points. The cost of living index for

Canadians as a whole has declined, but the index of farm living costs has not had a proportionate reduction.

With regard to farm wages, this morning I got in touch with the bureau of statistics, who were able to give me certain figures. These show that in 1940 the average wage paid on the farms of Canada was $41 per month, with board. By 1945 this had risen to $72, and by 1950 to $101. It has continued to rise, and I venture to say that at the present time it probably stands closer to $110. So in that period there has been a substantial rise in that item of cost to the farmer.

Then take farm taxes. Taxes on owned lands and buildings in Canada in 1939 amounted to $19,200,000. By 1945 these taxes had increased to $39,100,000 and by 1950 to $58,500,000. Again I am sure that if the figures were available for 1951 and 1952 they would show a further substantial increase.

As to operating costs on the farm, I asked the bureau what farmers spent in operating costs for tractors in that same period. I was astonished to find that in 1939 the operating cost of tractors was $22,800,000. By 1945 this had risen to $47,900,000, and by 1950 it had increased to $97 million. Of course more tractors are being used today than in 1939. But if we take farm machinery repairs, another large item of farm costs, we find that in 1939 the farmers of Canada paid $19,200,000 for farm machinery repairs. In 1945 they paid $31,100,000, and by 1950 these costs had risen to $58,500,000, or more than three times the cost in 1939.

Then take farm machinery itself. Using 1935-39 as a base of 100, we find that in 1939 the farm machinery index stood at 103·6. By 1945 it had risen to 115·1 and by 1950 to 186·8, and that increase is continuing. That is not the whole story, either. If you look over the prices of farm machinery you will find that the greater increases are in the prices of the newer types of machinery, the kind we are buying today. Those increases are greater than the increases in the prices of some of the older machines which enter into the cost index but are not being used as much today. For instance, in 1945 a ten or twelve-foot self-propelled combine cost about $2,800. Today the same combine costs just over $5,000, so it has almost doubled in cost in the last six years. That is why farmers are alarmed today. They see the prices of the things they have to sell going down while the cost of the things that enter into their cost of production continues to rise.

[Mr. Wright.]

Just what has the drop amounted to in the prices of things the farmer has to sell? I am not going to give the figures on grain, though there has been a serious drop in price owing to the increase in the value of the Canadian dollar. There has been a drop of at least twenty cents in the price of wheat. Take animal products. In July of 1951 the index stood at 358·9. By February of this year it had dropped to 297·3, or a decline of 61·6 points in just a few months. And that was before or just at the time of the outbreak of foot-and-mouth disease in western Canada. Since that time there has been a further serious decline in the prices of agricultural products. It is no wonder that members of this house protest when they see that situation beginning to appear in Canada, with a serious decline in the purchasing power of the agriculture industry and no decline in their costs of production. That must inevitably result in less purchasing power for the farmers, and that reduced purchasing power sooner or later must result in unemployment in the industries in eastern Canada and elsewhere which supply the machinery industry for agriculture.

I hope hon. members from eastern Canada will not think that we in the west are simply making a plea for ourselves. We are not. We believe the best way to stop a decline or a depression in this country is to maintain a reasonable basis of prices for agricultural products, which will bear a fair relationship to the cost of what the farmer has to buy. That is the only way we can maintain a prosperous Canada. So I say every member in this house, whether from eastern Canada or western Canada, should be vitally interested in maintaining a reasonable floor price under agricultural products that will represent something near the cost of production. I must say that in my opinion the floor prices that have been established today do not nearly represent that cost.

Unless something is done by the government to see that these floor prices do represent the cost of production, and that when they do set a floor price it is payable to the producer, not to the processor of those products alone; that he shall have all the guarantee and that the industry itself shall be guaranteed only through the competition which the minister says must result from the present floor price—unless this is done, the farmers will not be satisfied. I do not think that competition has been sufficient to guarantee to the farmers the result which the minister I am sure desires. It certainly has not been enough; there has not been enough competition to maintain a reasonable floor price under eggs or under some of the other

agricultural products. Figures produced in this house and sent to the minister by individual farmers, by farm organizations, have I am sure proved that to him.

I think the government should take immediate steps to see that these floor prices, even though they are inadequate, are paid to the producers and not to the processors.

Mr. Victor Quelch (Acadia): The question under discussion is the government's price support program and the failure of certain packing plants to pay the support price. With regard to the second point, I hope the minister will be in a position to assure us that conversations are now going on with the packing plants and that that difficulty will soon be eliminated.

It was on the other point I wanted to speak chiefly. Today is probably an opportune time to discuss the whole question of floor prices, because I think it is correct to say that this year is the first time that a real test has been made of the efficiency of operation of the government's floor price program.

I believe that to operate efficiently this program must have public opinion behind it. Moreover, I am satisfied that if the people of Canada realize the basis of the program they will be prepared to support it. Therefore I think it is unfortunate that at this time certain Canadian organizations should see fit to attack the government's support program. I have in mind the March news letter of the Canadian Chamber of Commerce, printed in part in the Alberta wheat pool budget of March 28. I want to quote briefly from it, and from a short statement by the wheat pool in reply to it, and then make my own comments. It is under the heading: "Where do we stand?" and reads as follows:

> Under the above heading, the March news letter of the Canadian Chamber of Commerce prints the following:
>
> "Do we as Canadians believe in the principle of the free market, or do we not? Do we or do we not believe in a competitive economic system based on the law of supply and demand? These questions arise as the result of the action of the federal government in establishing a floor price for marketing of hogs—in fact pegging the price at the prevailing level.
>
> "Here we have the rather anomalous situation of the Canadian people clamouring for a lower cost of living, and when the price of one of the primary factors entering into that cost of living—meat—starts to decline, the government steps in to make sure that prices won't go any lower. The completely astounding thing about this is the thunderous silence of Mr. and Mrs. Consumer.

No doubt the reason for that is that the general consumer and the public apparently have a far better understanding of the situation than the Canadian Chamber of Commerce have. I would just like to quote a reply given in the wheat pool budget, which deals objectively with the question of free competitive enterprise:

> It is easy to talk about free enterprise and the free market. But the same is more honoured in the breach than in the observance by Canadian business interests. In support of that statement we draw the attention of the chamber of commerce to the monopoly investigations into bakery establishments, flour milling, the making of dental and optical supplies, match manufacturing, etc., and those investigations, we believe, touched only the fringe. Those boys didn't practise free enterprise and abide by the free market!
>
> Government assistance and government support of measures that have led to monopoly have been the rule ever since Canadian confederation.

I want to go on with the statement of the chamber of commerce:

> The explanation which was given for the government's action, according to the press, was that if farmers took a heavy loss in hogs this year, they would not raise any next year. Then a shortage would develop and prices would again skyrocket. The other side of the situation of course was not mentioned at all. With a guaranteed price for hogs, producers will merrily continue to raise hogs beyond the desire or the capacity of the market.

The farmers of this country, Mr. Speaker, could, if they so decided, so adjust their operations as to increase prices under the law of supply and demand; that is to say, the farm organizations could organize and reduce agricultural production so that the prices would rise. Does the Canadian Chamber of Commerce, or anybody else, think for one minute that that would be to the advantage of the Canadian people? Would it be to the advantage of the other nations of the world? Would it be to the advantage of those nations which at the present time have many people on the verge of starvation? Surely a country like Canada, which is hoping to give a certain degree of leadership in the world, could not justify a reduction in production at this time. And yet the Canadian Chamber of Commerce criticize the government for supporting a program which helps to maintain production, and as a result they say it means higher prices. They apparently argue that it would be better to let the prices fall so that the production would be reduced.

I think we have an obligation to the world today to do everything possible that we can to maintain production at a high level, and I would suggest that one of the most logical ways to do that is to maintain a floor price under agricultural products. By that I do not mean an excessively high price; I mean a price that will bear a fair relationship to the prices of other commodities. I would say the program can be fully justified in many ways. First of all, let me give some background.

It will be recalled that in the depression years the prices of farm products fell very

much faster and very much farther than the prices of other commodities. While the prices of commodities of the secondary industries fell only 25 per cent, the prices of farm products fell over 65 per cent. And when time and again during the 1930's farmers and farm organizations would complain about the low level of agricultural prices they were told that nothing could be done about it because we were an exporting nation and therefore our prices internally had to be governed by the export prices. But it is interesting to note that that was not the policy of the secondary industries at that time. Many of those secondary industries maintained a two-price system. They sold at high prices in Canada, and then they sold at a lower price in the export market.

I recall that in the 1930's you could buy a Massey-Harris binder cheaper in Britain than you could buy it in Canada, so they were not maintaining their price on the export market; however, that was the policy at that time. True there were one or two minor exceptions, but generally speaking the prices of agricultural products were maintained at the prices that obtained in the export market. When the war came on and prices rose we adopted a price control policy in this country and price ceilings were placed upon agricultural products. The farmers then found themselves in this somewhat difficult position. During the ten years of the depression they had had to accept world market prices, prices that were far below cost of production, and many farmers went heavily into debt; many of them went bankrupt. Well, if an industry has to accept world prices when prices are low, surely it is justified in expecting to get world market prices when they rise, because that is the only way they can make up the losses they suffer during the time they are selling at prices which are far below the cost of production.

The government apparently realized that and said to the farmers: We are going to maintain a price ceiling on your products, but that is part of a general stabilization program. In return for that we are going to see to it that in the future the prices of your commodities are not allowed to fall below a fair level. And so the Agricultural Prices Support Act was put into operation. We commended the government when that legislation was brought down. I thought it good legislation then, and I think it is good legislation today. Certain changes need to be made, but the general principle behind the Agricultural Prices Support Act in my opinion is absolutely sound. When that act was put into operation, for the first few years it was not necessary to use it because prices were high. However in 1950 the prices of certain commodities began to fall out of line. Agricultural organizations took a great deal of interest in the manner in which the act was to be used to ascertain what the support prices should be.

At the convention of the Canadian Federation of Agriculture held at Niagara the minister dealt in a general way with the basis of the formula, and stated that prices for farm produce would be maintained at a level which would afford the same relationship to the prices of other commodities as existed from 1943 to 1945 at the time the Agricultural Prices Support Act was put into operation.

The interesting point today is to compare the prices of farm products on the basis of that formula. With that in mind I wrote to the bureau of statistics asking them to give me what prices of farm products should be today on the basis of that formula, so that the prices of farm products today would bear its same relationship to the prices of other commodities as existed in 1943-45.

According to the figures they have given me, in some cases the floor is a little higher; but in most cases it is lower than it should have been. This table is prepared under four columns, and I should like to place it on *Hansard*. Before doing so however I shall read the items because, as I go along, I shall comment upon them.

The first item concerning which I asked information was wheat No. 1 northern, per bushel, delivered at Fort William, Port Arthur or Vancouver. I realize that wheat does not come under the Agricultural Prices Support Act, but I asked for those figures only to find out what the price of wheat would be if it had been under the act. It is interesting to note that the average price for 1943-45 for No. 1 northern wheat, basis Fort William, was $1.391. In column 2, which relates to the general wholesale index today, the price would be $2.306. On the other hand, if we compare that price with the price that farmers have to pay for other commodities today the price of wheat would then be $2.530. The actual price for wheat today is about $1.80, under the international wheat agreement. So actually the price the farmer is receiving today under the international wheat agreement is 70 cents less than the price he should receive under the formula of the Agricultural Prices Support Act.

The next item about which I asked was hogs, grade B-1, dressed, Winnipeg, per hundredweight. The actual average price in 1943-45 was $16.341. Column 2, in relation to the wholesale price index today, shows a price of $27.093. Under column 3, which

shows the relationship to prices that farmers have to pay for other commodities, the price would be $29.724. The actual price at the time of this report—January, 1952—was $25.390. So that the farmers were receiving around $4 less than the support price should be under the formula of the Agricultural Prices Support Act. I believe the floor price is somewhere in the neighbourhood of $25; therefore the price I have indicated here is about $3.50 per hundredweight under the formula.

The next item refers to good steers, up to 1,050 pounds, Winnipeg, per hundredweight. The average price in 1943-45 was $11.265. The price under the general wholesale index would be $18.677, and as related to the prices the farmers pay for other commodities it would be $20.491. The price at the time the report was issued in January was $30.670. The support price now is about $23.35, so that the support price is actually about $2.85 above the formula.

With regard to eggs, grade A large, at Winnipeg, the actual average price 1943-45 was $·404; the figure in column 2 is $·670, and in column 3 $·735. The price in January of this year was $·405. So the price of eggs at that time was about 33 cents a dozen less than it should have been under the Agricultural Prices Support Act formula. However I understand that the price of eggs today in many parts of western Canada is far below 40 cents. Indeed, I heard one member mention 10 cents a dozen. But even if 40 cents was being paid, that would be 30 cents less than it should be under the formula.

The next item is Cheddar cheese No. 1 white, per pound, f.o.b. Montreal warehouse. The actual average price in 1943-45 was $·205; the figure in column 2 is $·340 and in column 3 $·373, with the January price at $·440. So the price of cheese at that time was above the price to be paid under the formula—approximately 7 cents above that price.

Then we come to creamery butter, per pound at Winnipeg, and we find that the average price for 1943-45 was $·352. The figure in column 2 is $·587 and in column 3 $·640. The January price in this year was $·670. So that that price is slightly above the formula.

Mr. Gardiner: May I ask a question? Do I understand that the hon. member asked the bureau of statistics for certain facts—the price of hogs at a certain date—and did his own reasoning?

Mr. Quelch: No, it is all worked out in the table.

Mr. Gardiner: Or did he ask them to work out the formula?

Mr. Quelch: Yes. On the basis of 1943-45, as a base year, I asked them to show what the prices would be this year.

Mr. Gardiner: I am not going to say that the hon. member is wrong, but I am going to say that he asked the wrong authority for the information.

Mr. Quelch: I first of all wrote to the—

Mr. Gardiner: They are not the people who figure that out.

Mr. Quelch: Well, perhaps I had better read the letter from the bureau of statistics. It says:

Dear Mr. Quelch:

Your letter of April 7, addressed to Mr. W. G. Morris of this bureau, has been relayed to this office for reply.

We are not sure exactly which commodity group you desire to compare with the commodities you have specified, and have prepared the enclosed table which provides the following information:

1. The 1943-1945 actual average price of the items specified in your letter.
2. These prices times the percentage increase between 1943-1945 and January, 1952, in the general wholesale index.
3. These prices times the percentage increase between the same dates as shown by the index of commodities and services used by farmers.
4. The January, 1952, actual prices.

I shall put the table on *Hansard*—and the letter too, if it is desired.

Mr. Gardiner: The point is that they do suggest that they are not too sure what you are talking about—and I can imagine they would not be.

Mr. Quelch: It is quite clear; and the letter shows that they understood, because they wanted to know whether it should be compared with the wholesale price index or the price the farmer pays for the commodity. And in order that there should be no disagreement on the point they put the information in two columns, one based upon the wholesale price index, and the other based upon the price index of the things the farmer buys today. I think of the two the second one is the one which should count.

Mr. Gardiner: My only suggestion is that you should address your questions to the agricultural prices support board, because they are the people who can give you the information based upon any statement that I made.

Mr. Quelch: I can quite understand that the agricultural prices support board could give me the basis it is working on, but I want statistics to show what the support prices would be on the basis of the formula the minister outlined to the Canadian Federation of Agriculture and this house.

The minister will be able to tell us how that formula has worked out, and why as a result of the working out of that formula the price that should have been provided has not been provided.

I merely wanted statistics from the bureau. I wrote to the farm branch of the bureau of statistics and I think they are quite competent to give me that information. I should like to place this statement on the record.

Mr. Speaker: Has the hon. member unanimous consent to place the document on the record?

Some hon. Members: Agreed.

Mr. Quelch: The statement is as follows:

DOMINION BUREAU OF STATISTICS—PRICES SECTION

Actual Wholesale Prices at Terminal Markets for 1943-45 and January, 1952, and Theoretical Prices for January, 1952

	Column I Actual Average Price 1943-45	Column II (a)	Column III (b)	Column IV January 1952 Actual Price
	$	$	$	$
Wheat No. 1 northern—bushel, delivered Fort William, Port Arthur or Vancouver	1·391	2·306	2·530	1·600 (c)
Hogs, grade B1 dressed, Winnipeg, cwt.	16·341	27·093	29·724	25·390
Good steers, up to 1,050 lbs. Winnipeg, cwt.	11·265	18·677	20·491	30·670
Eggs, grade A, large, Winnipeg, doz.	·404	·670	·735	·405
Cheddar cheese No. 1, white, lb., f.o.b. Montreal, warehouse	·205	·340	·373	·440
Butter, creamery, Winnipeg, lb.	·352	·587	·640	·670

(a) Prices of column 1 plus 65·8 per cent.
(b) Prices of column 1 plus 81·9 per cent.
(c) Initial payment price to producers.

There has been some criticism of the formula. Many organizations feel that 1943-45 is not an entirely satisfactory base period. I agree, but on the other hand I would say that the formula is a whole lot better than nothing at all. We wanted a formula and the minister has given us one. With the help of the bureau of statistics we have been able to work out what the support prices should be on the basis of that formula. It is shown quite clearly that in the majority of cases the prices of other commodities have risen faster than the prices of farm products.

In the past most farm organizations have advocated that the floor prices for agricultural products should provide a parity income so that the income of the farmer will bear the same relationship to the national income as farm population does to the national population. If that formula was adopted, the prices of farm products would be considerably higher than is provided for in this formula, because today the farm population is about 25 per cent of the total population, whereas the farmers' share of the national income—I have not the latest figures—I believe is somewhere around 10 or 12 per cent.

Mr. Fair: It is 9·9 per cent.

Mr. Quelch: I am informed by the hon. member for Battle River (Mr. Fair), who obtained the figure from the bureau of statistics, that it is 9·9 per cent. There you have the farmers who represent 25 per cent of the population receiving only 9·9 per cent of the national income. That shows quite clearly that they are not receiving what could be called a parity price based on income. But I am glad, as I have said, that the government has brought in the Agricultural Prices Support Act, even though it is based upon a formula that seems to provide prices not sufficiently high. Again I say that that is far better than no support prices at all.

It seems to me that the important point is that the packing companies in Canada should be made to live up to the support prices. If they continue the practice of paying less than the support prices it will only destroy the efficiency of the operation of the whole program.

I have referred to the fact that the one way in which farmers can overcome a loss through the operations of the law of supply and demand would be to restrict production. On the other hand, even without the formula or without the Agricultural Prices Support Act the prices of agricultural products probably could be maintained fairly high if the government had an international policy which made it possible to move our surpluses to those nations that need them. I will not say that the Agricultural Prices Support Act would not be needed, but it would not be necessary to use it to anything like the extent it has

had to be used when there was no means of exporting our surplus production.

I was interested in the speech made by the Minister of Agriculture before the food and agriculture organization when he stated that unless some better method of marketing was found he could hardly expect the farmers of Canada to expand their production. There is no use in the farmers expanding their production unless there is a market. Unfortunately as yet the FAO has not been able to submit any proposals for moving farm surpluses that meet with agreement by the member nations. They brought down a proposal for a world food board, but that was rejected. They brought down a proposal for an international commodity clearing house, but that was rejected. At the present time each nation has to depend upon its own resources to market its farm products.

I want to commend the government upon the agreement they have made with Great Britain and New Zealand for the disposal of beef. While there is a loss involved, it is far better to suffer a loss than to have beef rotting on the market or to have the farmers doing everything they can to reduce the production of cattle. It is a temporary expedient, but it is one which I think is justified. I hope if the government has any difficulty in disposing of surpluses in the future they will not hesitate to tread new paths. I do not believe that the use of the old orthodox channels of trade will provide the means for moving our surpluses of food products to the nations which need them. Ways and means of moving our surpluses to the nations facing widespread starvation must be found. If the practice of reducing the production of food, whilst millions of people are on the verge of starvation, becomes prevalent it will create fertile ground for the spread of communism throughout the world.

Mr. J. A. Ross (Souris): Mr. Speaker, I want to take a few minutes to enter this discussion on price spreads. Throughout the war years and some of the years following, the Prime Minister (Mr. St. Laurent) and the Minister of Agriculture (Mr. Gardiner) repeatedly asked the producers of this nation to keep up and expand their production of foodstuffs. They were told that ceilings would be placed on their products and that floors would be provided for in later years when markets might be declining. I think the institution of support prices was just and proper.

A number of the floor prices now prevailing are not satisfactory to the producers. As has been indicated, their cost of production is still rising. The bureau of statistics point out that the prices of farm machinery of the newer type will be advanced during the current year over the previous year. Farm wages and other costs are still increasing, despite the fact that they are already at an all-time high.

A question was asked today about placing a floor under cheese. This is a matter which affects the farmers of eastern Canada more than those of western Canada. I have talked to a number of dairy people during the past days and weeks and I found them in a rather sorry plight, I think through no fault of their own. They deserve some assistance by way of floor prices.

What I want to refer to chiefly at the moment is the floor prices under beef and hogs. The floor price under hogs was announced some time ago at a figure somewhat lower than that which had been asked for by organized agriculture. Taking into account the cost of feed, labour and all that, I do not think the price is sufficiently high.

With respect to the beef price, it is true that the government is working under rather vexing circumstances. These floor prices were announced early in the month of April, and throughout much of the country they are certainly not working satisfactorily. In the Winnipeg *Tribune* of May 8, the following report appeared:

> With no dominion price supports Alberta processors are getting cattle at bargain counter prices and hardly making an impression on available supplies.
>
> Alberta beef, laid down in Winnipeg at 39 cents a pound, carcass weight, is being sold for the same basic 92 cents a pound retail as Manitoba beef sides from city processors at 46 cents a pound.

The article goes on to point out the difficulty of contending with that sort of thing, and also that the consumers are not getting any benefit at this time. I asked a question of the Minister of Agriculture about these prices and what guarantee there was that they would go through to the producer. I understand that because of provincial embargoes great difficulty is being encountered. I am amazed that the Department of Justice has not given some ruling as to whether these provincial embargoes are justified. It shows lack of decision on the part of the Department of Justice, and certainly it is very bad for the country that the various provinces should balkanize the nation as they have been doing for many weeks.

Like the previous speaker (Mr. Quelch) I want to commend the minister and his staff for the efforts they have made in arranging the agreement between New Zealand, Great Britain and Canada with respect to beef. However, the agreement will far from take care of the surplus beef in Canada. I have

not the exact figures before me, but I think I am safe in saying it will not take care of twenty per cent of the beef that we exported last year to the splendid United States market. Therefore hon. members will readily realize what a tremendous surplus of beef we shall have on our hands after the fulfilment of the contract for the current year between Canada, New Zealand and Great Britain. As time goes on I hope we shall be able to increase the amount of beef handled under this arrangement.

Then again, the price floors are on a monthly basis. I believe that they are to run until the first of July, and that there will then be a new adjustment. It is almost impossible for cattle breeders or producers to plan their operations on such a basis. I am fearful also as to what may happen to many producers this fall. As far back as I can remember, we have always had a great run of cattle during the fall months. People put cattle on grass and then cannot take care of them through the winter. I assume that many producers will try to carry more cattle through the winter, but many of them will be unable to do so. Some plan will have to be worked out to take care of the marketing of surplus beef during the fall months.

I have never yet heard a statement in the house as to the details of the working out of the floor price on beef and how it is carried through the various grades so as to ensure that the producer will be guaranteed the floor price. I should like to see such a statement put on *Hansard*. When the outbreak of foot-and-mouth disease was announced in the third week of February the prices for cattle prevailing in the Winnipeg stockyards on February 22 were as follows: Steers, 30 cents; heifers, 28 cents; cows 21 cents; bulls, 23 cents; stock and feeder steers, 27 cents; stock and feeder heifers, 25 cents; cows, 20 cents, and veal calves 30 cents. Some months previously the market had been considerably higher. Therefore when one compares these figures with the present floor prices or the prices prevailing, one will see there is a very great difference.

While a great many producers are trying to help in this difficult time by holding back their livestock, some large producers of both hogs and cattle have stated that they are now going to get rid of their breeding stock and take their loss as at this time. It is a very confusing situation. I hope that the government will reconsider the question of floor prices and do more than they have done to stabilize production and assist producers. It means a great deal to the entire economy of Canada, apart from the producers themselves, and at the present time it is a very unsatisfactory state of affairs.

Mr. Picard: Mr. Speaker—

Right Hon. J. G. Gardiner (Minister of Agriculture): Mr. Speaker—

Mr. Picard: I hope the minister is not closing the debate.

Mr. Gardiner: No, I did not start it. The debate is on an amendment moved from the other side of the house.

Some hon. Members: There is no amendment.

Mr. Gardiner: There is an amendment to the motion to go into supply.

Some hon. Members: No.

Mr. Gardiner: It does not matter. It is not my motion and I have not spoken so far.

Mr. Graydon: Are you going to move an amendment?

Mr. Gardiner: No, I am not going to move an amendment.

The discussion last night and this afternoon has been on the question of floor prices. I am quite aware of the fact that one can take any set of prices, discuss them back and forth and arrive at all kinds of conclusions, but there are a few facts that I think are self-evident and that have a bearing upon the question. The first one is that in 1943 and 1944 we had the highest production that we have ever had. Those two years were the highest production years in agriculture. Production is not nearly so high now in some lines. It is just as high in wheat, but it is not as high in livestock products as it was in 1943 and 1944. Nevertheless, in spite of all that has been said this afternoon and last night, and whether or not floor prices had anything to do with it, we got twice as much in money for our farm products last year as we did in those years. I know that the first argument that is put forward after that statement is made is: Oh yes, but the costs of everything are higher now than they were then. However, before we would be in nearly as bad a position as has been outlined by some hon. members everything would have to cost at least twice as much in order that there might even be an argument about it at all.

Obviously, from statistics prepared by the same bureau that prepared these other statistics, we got $2,800 million for our farm products last year and $1,400 million in the years to which reference has been made. That is just double, and if anyone is trying to reason that the farmer is worse off because he has got double I would not agree with him.

Mr. Rowe: That would be in dollars.

Mr. Gardiner: That is in dollars. I say you can take all the considerations and argue yourself into any kind of decision you like if you want to start to argue from that point of view. It is like a person saying that because you load meat on the boat in Australia at 12 cents and it costs you 48 cents in Canada to do the same, you can start from there and say that Australia is four times as badly off. As a matter of fact there are so many factors entering into an argument of that kind that one would get lost before he could get half way through it. You certainly could not finish it in a forty minute speech. The obvious fact is that last year we got twice as much for what we sold as we did in the years that are taken as the basis for the relationship between our prices then and prices now.

In addition, we did not produce as much last year as we did in those years. That has some bearing upon the argument that our friends of the chamber of commerce are using, to the effect that you can affect your prices by producing less or more. If you produce too much then you will probably reduce your prices. If you produce too little you will probably raise your prices. I do not think that the farmers have been unwise in what they have done. I have heard members get up and criticize the government because farmers have reduced their production of certain products. As a matter of fact in most of these matters the farmers do not pay any attention to the government at all. They run their own show; they run their own business, and they know more about it than most members of the House of Commons. They realized that if they produced fifty per cent more hogs this year than they did previously, they would not get as much money for the greater number as they did for what they produced before. They realized that, and they carried on their activities accordingly. The farmers are producing those things which they think will help them to get along best, and the very fact that they got twice as much money last year producing less of the product than in the years referred to is an indication that they know what they are doing.

On the question of floor prices, it has been suggested time after time that we have a fund of $200 million and have not used very much of it. That carries me back to the debates of eight years ago, in 1944, when we introduced the bill under which we have the fund of $200 million to use in encouraging farmers to do one thing or another and to give them a better return for their products. The fact is, as I said the other day, that is a revolving fund. There is $200 million set up, and when we were discussing it eight years ago some members proposed that we ought to put a limit of four years on the operation of the Agricultural Prices Support Act. I took the position in the house at that time that it was eighteen years after the end of the first war before we came to the end of the period during which the difficulties had been experienced which we might find it necessary to look after now. It is now eight years after the passing of that act, and I think it can be truly said that the reasons we were anticipating eight years ago that would necessitate the passing of this legislation have never yet happened.

The reasons that were in our minds at that time were that we were going to have a great slump in prices in this country, particularly a great slump in agricultural prices. We had good reason for fearing that. The argument read a few moments ago by the member for Acadia (Mr. Quelch) is the old argument that we have heard from those who are representing a group who passed that resolution. It is the same argument that has prevailed for centuries, if you like—certainly before the beginning of the lifetime of any member of this house—when it was argued that the way to stop inflation is to force down the farmer's prices first. You can force his prices down by denying him credits; denying him this and that; denying him money to spend on things. You can force down prices there, and by forcing down prices there you can control inflation.

The one undertaking the government gave, if they gave any at all, was to try to prevent that kind of thing happening at the end of this war. It has happened at the end of every other war, but it has not yet happened at the end of this one. I am not going to claim that is only because of the floor price legislation of this government. It has not happened at the end of this war because the people in other countries, as well as this, have been following a policy which has not resulted in that coming about in the manner in which it did before. Nevertheless, the remarks made by the member for Souris (Mr. Ross) and the member for Acadia are correct in this, that they have commended the government for having set a floor price policy and for having put it into effect. We have not used up the $200 million. I have said on a number of occasions, and I repeat it now, that if we had used up the $200 million the first year or the second year doing things that it was not necessary for us

to do at all, but merely for the time being to have given the farmers another cent a pound or another cent a bushel on something, then we would have blown up the scheme in the very early stages. I am quite sure that long before this the house would have voted to take the amount out of the hands of the Department of Agriculture.

We took the $200 million and used that part which it was necessary for us to use in order to maintain price levels on a rising scale rather than a falling scale. I have said here on a number of occasions that I have never known a time when any country experienced prosperity by forcing prices down or by forcing wages down. Whenever we have experienced a depression, that is what we have been doing. On these occasions we have been doing it to satisfy the wishes of a very small minority of our population, and at the expense of the great majority. Since the end of the last war we have been following a different policy, not only in this country but in some others. We have been following the policy of collecting money from those who are making too much. Some people say we have got high taxes. Well, it all depends on what you are doing with the taxes whether that is a bad thing. When you are returning a large percentage of the money you collect from the few who have a lot of money to the great mass of people in the form of purchasing power, family allowances, old age pensions, health payments and that kind of thing, then it does not have the same effect as if you are just raising money and spending it to build bridges and roads. It is quite a different thing. We are collecting a considerable amount of money, and we are distributing it through family allowances, old age pensions and other forms, which makes it possible for the people to go out and buy farm products at higher prices than they have ever paid before; that is the method that has been followed.

Under that method we have done far more for the farmer, far more for the labouring man of this country, than has been done by any floor price legislation. Floor price legislation has not been nearly so necessary in this country as it would have been if other policies had been followed. What I am going to suggest to the members of the house this afternoon is that, important and all as floor price legislation is, there have been done some other things which have made it a little less necessary to have that kind of legislation in full operation.

Having said that, I am not going to agree that the act has not been used in the manner in which it was supposed to be used when we passed it, or that the results obtained have not been as beneficial as we expected them to be when we passed it. We have used that legislation in connection with most of the farm products, other than the grains, and each time we have used it it has been of some help. We have had some $40 million or $50 million of the fund in operation at one time. We have purchased the product and then resold it, and the money has gone back into the fund. I believe that the net amount that has been used is about $10 million. There have been made here today some statements which I think indicate that too many of the members have not a full understanding of the position in this country. This government cannot enforce prices on anyone in peacetime. The only time we can enforce prices upon anybody is in wartime. The reason for that is that civil rights are under the control of the provinces and not under the control of the dominion.

The only way we can arrange floor prices is by buying the product. We cannot compel anyone to pay certain prices. We can get agreement from them that they will pay certain prices. The only other way we can arrange the price is the method followed with butter and some of the other products. We say that if no one else will buy the products at this price, we will. We are now in the fourth year of following that method on butter and we have done fairly well. We have had very little criticism on it. We buy butter if anybody will sell it to us. During this last year we only got 280,000 pounds, and before that we got something in the neighbourhood of 44 million pounds. The years before that we got a considerable amount. During this last year others have found that they could take over butter at higher prices than we were prepared to pay and carry it down to the end of the season. We have been operating, therefore, but we have not compelled anybody to pay anything. We have simply said that we are prepared to buy butter most of the year at 58 cents a pound, and for a short time at 63 cents a pound. I repeat that we did not get any. Someone else paid a little more, and they got the butter and marketed it.

I am quite satisfied that if we had followed the policy suggested by the chamber of commerce, butter would have sold in this country last year at under 30 cents a pound, and that last winter people would have been paying at least double the price, if not a great deal more than that at which the farmer sold it in the summertime. It is all very well to talk about allowing absolute freedom in buying and selling, but after all there are many

people out trying to make money who do need a little bit of regulating, and some need it more than others.

I am not going to agree with all that my hon. friends are saying about the packing houses. There is only one reason that men get up and talk that way. That is because it is popular out in certain parts of the country to shout down the packing houses. I want to tell the members of this house that during recent months, and particularly since the outbreak of foot-and-mouth disease, we have had more out and out assistance and better co-operation from the packers of this country than we have had from anyone else except the farmers; and I know what I am talking about. The floor price for hogs is 26 cents. Well, if you do not think it is being acted upon, look at the newspapers every day. You will find that grade A hogs are being marketed at $26 right across this country. It took a week or two to get the system operating smoothly, of course, to put into operation the ideas that were brought forward; but we are doing it. Look at the price of beef today. I don't care what it was a week ago or what it was three or four days ago; look at the price today in the newspapers. You will find that it is the floor price, and that is so for only one reason, because we were finally able to make the arrangement that has been referred to already, under which we got the surplus off this market and over to Britain to be consumed. That arrangement was made only three or four days ago, and it was not possible for the packing houses and others in this country to operate as hon. members say they should have been operating until that arrangement was made.

Why do I say that? Because we have not sufficient cold storage capacity in this country to take care of the volume that was formerly going to the United States or coming onto our market. We were not more than a week or two into the experiences we had as a result of the foot-and-mouth disease until every packing house in this country was full to the roof.

If circumstances required farmers to bring animals to market and take what they could get for them, it was most difficult for anyone to do very much to help them. It is true that we did succeed in getting the packing houses to go back and pay the extra amounts for hogs that were marketed when storage could not be found and somebody would buy them at a lower price than the farmer should have had to take. We have been able to get the packing houses to go back and pay those farmers the higher prices they should have received. I do not know whether we will be able to have the same thing done in connection with beef. Take the case of a man who comes to the city of Edmonton with three steers, and finds the market practically closed. No packing house is buying, simply because they have no place to put the meat if they kill it. So he goes down the street and finds a butcher somewhere who is prepared to pay him 17 or 18 or 20 cents cash. In those circumstances there really is nothing we can do about it. In most cases where farmers persuaded packing houses to buy their animals anyway, to take them off their hands, we may be able to go back and have the packers pay more, simply because they now find they can move the product.

That is the sort of thing that can happen and is happening these days because of the deal that was made with Great Britain and New Zealand. The meat is being shipped out of storage. You do not hear any more of the complaints that caused the *Tribune* to publish the editorial which was read here a few moments ago. That editorial had reference to conditions that existed before my assistant was out in Calgary more than a week ago. Since that time there has been no necessity for such editorials. But editorials like that would have been written again by now, and with the facts in their favour, had it not been for the agreement with Great Britain and New Zealand. The storage would have been filled again with heavy beef. We would have had no place to send it, and it would have been back on our doorstep again. For almost twenty-four hours before the announcement was made, meat was moving out of Calgary and Edmonton. The newspapers were still publishing articles based upon the idea that someone had said we should ship east instead of shipping west. The beef was actually moving toward Great Britain hours before the public could know anything about it, because we had an understanding that no announcements would be made until that could be done in the three countries at the same time. Now that meat is moving.

There is one place, however, from which you cannot move meat yet. You cannot move meat out of Saskatchewan. I do not want to refer to what was said in committee this morning, because we are not supposed to discuss its proceedings, but there has been quite a lot of talk, and everyone who does not live in Saskatchewan thinks every animal in that province has been rubbing against

an animal that had foot-and-mouth disease. So no one wants to eat any of those animals coming from Saskatchewan.

Fortunately we have had experiences of this kind before. In 1937 we went out to Saskatchewan and Alberta and bought 93,000 head of cattle, which we put in pastures. The government built the fences; we had no community pastures then, as we have now. These cattle were pastured down at Carberry, Manitoba, for the summer, and then we auctioned them off to feeders all over Canada. We sold them for higher prices than they could have been sold for by any other method, but for very low prices as we consider prices today. That cost the government $300,000. In those days it was questioned whether a government should spend $300,000 to help the livestock producers in western Canada; but the job was done.

In doing that job we acquired experience which stands us in good stead now. We can go back to Saskatchewan today and take care of the situation existing there. As I said last night, my assistant is going out again tomorrow, and Mr. Shaw is going with him. We have already made contacts with the wheat pool and others, and we think we can set up an organization that can deal with the situation. But they cannot handle it by putting the meat under the contracts we have been able to make, nor can they handle it by getting a decision on the question of whether the provinces were acting illegally when they imposed the restrictions they have imposed. In my own heart I have a feeling that the provinces are within their rights when they try to stop disease from spreading from one area to another. And I have a feeling that whether they are right or wrong they are going to do it anyway. If they cannot do it by law, they will do it in some other way. No people anywhere are going to allow you to deliberately ship cattle with foot-and-mouth disease, or hogs that may be subject to it, out of one area into another and particularly from one province to another. If that is what we are dealing with, then I have some doubts as to whether the provinces are within their rights or not. It has been said that the Department of Justice should have given a decision long ago. Well, the Department of Justice has given the same kind of decision on this as it gives on anything else. The Department of Justice naturally says: "Well, the courts are there; try it out." We might get some fellow up in Saskatoon to ship a carload of cattle down to Winnipeg and run them across the boundary line. Whether the railways would take them across or not I do not know. Probably they would not take them, but even if we could get a drover to load them on a truck and then down to Winnipeg, and the shipper got himself arrested—well, if he did that, it would take him about four months to find out whether he was right or not, and in the meantime probably he would be in jail. You could settle it that way, and Justice will tell you and anyone else will tell you that. You can have a test, because you can take it to the courts, and it will take anywhere from two or three months to six months to get it settled.

That is not good enough for this job. We have to settle this thing in a few days, in a few weeks at the outside. Therefore, when Manitoba says: "We will not kill any Saskatchewan cattle", I do not think they have any legal right to say that. But when this house put through the legislation a year ago to provide for emergencies, it gave authority to declare an emergency only if it had something to do with defence. So far as I have been able to search out, this has nothing to do with defence. Perhaps if you took a long enough view of it it has; I do not know. But in any case there is no way that we can prove at the present time that this is an emergency and say to Manitoba: "You have got to kill the beef." If I could declare an emergency it would take six months to find out as to whether we are right or wrong. In the meantime we could go on killing beef. We are not able to do that because there is no defence emergency. We know that from the Department of Justice, and there is only one other thing to do, and that is for us to try to persuade Manitoba to remove their embargo. We finally arrived at an agreement with British Columbia. We have an agreement with Alberta. I do not think our discussion was ever out in the open. Our discussions were always with them where they should be on a thing like this, more or less behind closed doors. We had plenty of trouble in our discussions in arriving at conclusions as to what we were going to do, but we eventually got there and without any hangover, and now the stock is moving out of Alberta. But there has never been a change in Manitoba since the day that it was determined that they would let sheep and pigs in but they would not let cattle in.

I cannot understand the reasoning in connection with it, but nevertheless the reasoning is there. Now, with the possibilities of moving beef out of Alberta and pork out of Alberta under the British arrangement and moving beef out of Ontario and hogs out of Ontario, there is not much to worry about anywhere else for the time being, excepting Saskatchewan. Most people do not realize

that there are more cattle marketed out of Saskatchewan than out of Alberta in normal times. There are more cattle there to be marketed now than can be marketed. But they have no big packing houses to take them as they have in Alberta. They have large packing houses in Edmonton; they have large packing houses in Calgary and smaller ones in Lethbridge and so on. But we have just some dinky little packing houses in Prince Albert, Saskatoon and Regina, and then one with a little larger capacity in Moose Jaw. But they could not begin to handle the livestock that are produced in Saskatchewan, and they have never had to. We have depended on Winnipeg, and we still depend on Winnipeg. Until they let our cattle into Winnipeg, they cannot be slaughtered to be shipped anywhere else in great quantity. That is our great problem yet. It is there.

I am not sure what Manitoba is going to do—I think I know what they are going to do. I think I know what they will do inside a very short time, but I think they will do it much quicker if they are left alone until they are good and ready than if we take court action against them and try to force them and wait until the court decides. I think we can do it the other way more quickly. I say that for this reason. With all these difficulties going on I would like to ask hon. members just how they think we could have enforced floor prices. Were we going to tell this fellow that he has got to pay for animals when he has no slaughter house to kill them in? Are we going to tell the other fellow that he has got to take the farmer's cattle, whether he has grass or not, and pay the price? We had to create a situation under which this surplus could be moved, and it could only be moved by reaching an agreement similar to the one we have reached, or doing something else about it because we could not reach an agreement. But fortunately we did reach it and things are moving now, and I think the floor prices are being established.

The organization, as I said a moment ago, that we will probably put in will be an organization similar to that of 1937. With the wheat pool organized as it is now to deal in livestock as well as in wheat, we may be able to make some arrangement under which they can do for us what we had to do for ourselves before. But whether they do it or not, an organization will be put in there to do something similar to what was done in Alberta by the Alberta government. They have auctions that are held here and there all over the province. They have had them organized for years, and those auctions have been held this year. The farmers have brought in the cattle they have and have sold them to other farmers, and the farmers have taken them home and are feeding them.

In Saskatchewan, on the other hand, we have a million and a half acres of land in government pastures, and we have room on those pastures for something like 10,000 to 20,000 head of cattle. We have not the slaughter houses to kill them. We could not get the meat on the market in the next two or three weeks, or maybe a month, even if we did have slaughter houses to kill them. If farmers need cash and must have it we will say to them: "All right, bring your cattle in to some particular point and we shall have somebody there to auction them for you. We shall have somebody there to pay you if we buy them", and those that are fit for slaughter we will send for slaughter. Those that can go in to the pastures we can send to our pastures.

We believe we will get through on an arrangement of that kind without any loss to the government, and that we will be of some service to those who are there and who are dependent on the sale of livestock in the next few weeks or months in order to get along until harvest time when they can get some money out of their grain. But we will be saying to others: Keep all the cattle home on your farms that you can. Sell all those, which you must sell, to your neighbours if possible. Don't come near us at all unless you have to. But if you must come to us in order to get rid of some of them, well, then, take them to this point and that point, which will be indicated, and there will be a proper set-up there, handled either by the wheat pool or by ourselves, in order to take care of the situation.

Under that method I think we will be able to maintain the floor price; but it will not be because we have a law which says to the packers or anybody else: "You must pay it". It will be because we are prepared to pay ourselves, and handle the situation. And simply because we are prepared to pay, if anyone else wishes to stay in business he will have to pay. That is the only basis on which we can operate.

I would say to the members of the C.C.F. party that if they want to do it in any other way, the only other government body in the province of Saskatchewan that has anything to do with Saskatchewan, other than this one, is the C.C.F. government. They have the authority to do it if they want to do it. They could do it—even a good Ontario Conservative government has proven that during the last year. They took over cheese at a price. They set the price for cheese; they enforced the price for cheese. It was not

this government that did it, and any provincial government can do it but no federal government can.

There is only one thing that might bother them, namely: what are they going to do with the surplus? Ontario had no trouble with cheese last year because Britain took it. But this year, when Britain was not ready to take it, they had some difficulty. But there is no other province in Canada that produces a surplus of cheese. And why they have any difficulty, I do not know. They can set their price; they can set the whole method of handling, if they wish to. They can say what the price will be, and they can enforce it. But this government cannot do that. And so all this talk which shouts "when you put a floor price on, why do you not enforce it?" is answered by the fact that we have not the authority. It rests with the province. We can only offer to buy and unless we wish to drive all others out of business the price must not be an incentive price. In other words, if it were a price to induce greater production we would drive all others out of business.

We put on a floor price which says to the people who produce the product, "If you cannot sell it to anyone else for more, we will take it at this price. We do not want it, but we will take it at this price, and we will carry it along." Then, occasionally we add this: "If we do make money we will pay it to you in the form of a participation payment, an interim payment or a final payment." We usually like to say that. Because, after all, we do not want to make money on the handling of farmers' products. We want the money to go back to them.

Then, on this question, "Why do you not see that when we set a floor price the packer pays the price to the farmer?", I say that the floor prices that we set, and the only floor prices we can set, are for buying direct from the farmer. If we go out to Saskatchewan and buy live cattle and put them in a pasture, we will have men sitting at a table right alongside the auction lot handing the man his cheque as he walks away. In other words, he will know he gets the money. When we buy butter from farmers, or from factories belonging to farmers, at so much a pound—58 cents a pound—well, they are paid for it. And, on the other hand, if a packing house buys it at 58½ cents and prevents our getting it, then they pay for it, and we do not pay for it. The farmer gets the money direct from the packing house.

Mr. Wright: Are you not buying eggs and butter and other products from the packers?

Mr. Gardiner: We do not buy from the packers.

[Mr. Gardiner.]

Mr. Wright: You have to take it from the packers at a certain price.

Mr. Gardiner: No, when we buy any farm product, whether it is cheese or butter or meat or anything else, we use the packing house as a facility through which to pass the product. And we may use the staff of some of the packers in order to handle the product through their plants, on to the boats, to be shipped to Great Britain. But they are only the facility which we authorize to do our job for us. We to all intents and purposes buy the product right from the producer or from his agent.

Mr. Wright: Is that the case with eggs? Is that so when you take delivery of eggs at a set price in September?

Mr. Gardiner: With eggs it would be the case, if we had ever bought any. But the plan with eggs is different from all the other plans; and the house understood it was different at the time. We said to the dealers in eggs, right across Canada, "If you have any eggs left in storage on the first of October, from the first of October to the end of the year, we are prepared to take those eggs off your hands at 38 cents, plus carrying charges." Someone said last night that carrying charges were five cents. Well, I think in most cases carrying charges amount to four cents. With eggs at 38 cents, we undertake to take them at 42 cents, adding on the four cents. We say we are prepared to take them at 42 cents from anyone who will turn them over to us. We have been operating for three years, and have not bought an egg.

Mr. Wright: Is it not the same in connection with pork, that you offered to purchase so many millions of pounds of canned pork from the packers at a fixed price?

Mr. Gardiner: No, that is not so. And it is not exactly the same as we first intended it to be.

Mr. Wright: But you have offered that for it?

Mr. Gardiner: But we have taken over some pork at different times. Under the egg proposal, however, we have not taken over any eggs.

A while ago I was satisfied, from the information I was getting, that there were people who were not paying the floor price. As soon as we were satisfied of that we notified all those people that they need not come to us after the first of October asking us to take over the surplus of eggs. I understand that kind of thing stopped right there. I may say that some hon. members are to

be congratulated upon having been among the first to bring the matter to my attention. But I do think that if it is stopped it ought to be admitted that the system is functioning. It seems to me that we set up a set of principles, and every time any little thing goes wrong in connection with them, you become the chief grousers. And that is the quickest way to kill it.

If people have a system, if people try to establish fair prices and try to stand up against what has been criticized in the handling of products in an extreme form of private dealings, and that set-up runs into a little trouble, the only way you are going to perpetuate that kind of thing is to stop shouting about the little mistakes made here and there along the line.

I do not know whether we have got the right way of handling eggs or not. But I do know we tried it as an experiment in the first year. I do know that in the second year everybody interested came back and said, "Do it that way over again"—because there was not a single thing to complain about. When we handled it the second year everyone said the same thing. The only criticism that was made in the second year was, "You ought to put the price a little higher."

Then we went back into it on the same basis, in the third year. Now we are in the midst of the third year, and some people tell us they have found that some things have slipped. Well, all I wish to say about it is that you cannot get out of it so easily just by saying that it is the packers. After all, there are a lot of eggs that never go near the packing houses. There has been talk about this 10 cents and 15 cents; but to my knowledge a packing house has never had any dealings in those areas. Where the packing house has been the price has been 28 cents or 29 cents.

I might agree that it is still a little low. I think when they get down to 32 cents that is about as low as they ought to get. When they have been down to 29, and in other places to 28, there has been the heavy freight rate to consider, for shipping long distances.

But, after all, I think I am correct in saying that, with very few exceptions, the floor price has been maintained. I am willing to admit that one of the places where the price has been low has been down in the constituency of the hon. member for Assiniboia (Mr. Argue). That is one of the places. And I think he will agree that that is just about as far away from a packing house as one could get. And it was not really the packing house that caused most of the trouble there; and the same applies to other areas.

Mr. Argue: The information I have is with respect to the prices paid to farm women on eggs shipped to creameries. That is their ordinary place of marketing.

Mr. Gardiner: All the creameries I know of in that part of Saskatchewan are owned by farmers.

Mr. Argue: Not all.

Mr. Gardiner: Well, they all are down in that section of the country.

Mr. Argue: Oh, no.

Mr. Gardiner: And as a matter of fact those situations should be dealt with on their merits. As a matter of fact, I find that people who are organized into companies, no matter how they are organized, are human beings. Sometimes they go in one direction a little too long, and have to be turned back, even when they are co-operatives. So that if that was true in that section of the country it could only be true in one way, and that is through the co-operative creameries in not handling them as they should have—because that is what they all are. That is what they are.

An hon. Member: Not all of them.

Mr. Gardiner: That is all they would pay. If they paid more there would be that much competition for anyone else who wanted to buy. If the co-operatives which are there paid twenty cents nobody would get them for ten. That is the situation that exists there.

I think that is all I wish to say. Under the circumstances I think this is going along fairly well. No one anticipated the troubles we have had because of disease coming into the country. It is being handled as best it can. I think it is pretty well agreed that the job is being fairly well done. If we do not get it moving smoothly quite as quickly as some people would like, it is not because we have no wish or desire to do so, it is simply because we could not get things moving fast enough in some things over which we did not have absolute control.

Mr. Argue: Just a question in relation to the minister's announcement of the government's program for the buying of live cattle. Is it the intention of the government to buy only good or choice steers, or is it the intention to buy various grades of cattle?

Mr. Gardiner: It is our intention to try to persuade the farmer to keep at home anything which he will probably be able to market if and when the United States market opens. In the first place, we are going to try to persuade him to keep everything home that he can keep home, everything that he feels he can feed for a number of months

ahead. Whether those are good steers or whether they are canners, we are not going to send anyone who must sell home with his stock.

If they bring them into market we will try to persuade some other farmer to buy them and take them home. We will hold an auction and allow him to bid against us and everybody else. If a farmer is prepared to pay a little more than the floor price, we will welcome that fact because we would not need to have anything more to do with those particular cattle. If some packing house is prepared to pay more than the floor price we will say to them, "take them away." But if we are not able to get rid of some we will have them taken to our pastures. That is stating in a few words the plan as it is in my mind, but I do not know that it is in anybody else's up to now.

Mr. Argue: Not passed by the government?

Mr. Gardiner: The order in council authorizes us to buy cattle or beef at the floor price.

Mr. L. Philippe Picard (Bellechasse): Mr. Speaker, anyone who is in the predicament which I now face will agree that the life of a member of parliament is far from being rosy. During the last three week ends I have visited my constituency when many representations have been made to me. I was rash enough to promise that on the first occasion that presented itself I would speak on floor prices on agricultural products. I made that promise as late as yesterday at noon and it happens that the day I came back the house was discussing that very question. Without having sufficient time at my disposal to get all the information I would have liked to get, I feel I must keep my promise and rise to speak at this moment.

Anyone who speaks on agricultural matters following the minister is at a disadvantage. My own experience being what it is, I feel that my position is worse than that of others who have taken part or who might take part in this debate. Before proceeding I should like to congratulate the minister upon the deal that has been arranged between Great Britain, the United States and New Zealand. I wish also to congratulate him upon the masterful speech he made this afternoon to which considerable publicity should be given. I am sure it will answer many of the questions people have in their minds on this matter.

Everybody knows that I am no expert on agriculture, that I have no practical experience in agriculture. I do not even pretend to have any theoretical experience or knowledge. My remarks are based on the representations which have been made to me by agricultural societies and private individuals in my constituency.

The main question facing those in Quebec who go in for mixed farming on a small scale is the cost of raising hogs and the small margin of profit that is left to them under the present floor. The majority of these farmers contend that there is not even a margin of profit, that they cannot produce at the floor price of 26 cents f.o.b. Toronto which has been fixed by the government. I admit that a few of them who seem to be better organized and have had more experience say that they can produce at 24 cents, but they admit that they are in the minority.

Their main obstacle is the cost of feed. When the feed is moved to Quebec or the eastern parts of Canada the margin of profit to the farmer is considerably reduced. These people contend that if the price of hogs is to remain at the present level for any period of time further relief should be given by way of a larger subsidy than the 30 cents per hundredweight now provided by the government on the transportation of feed to Quebec or eastern Canada.

As I say, I have no personal experience in this matter but bona fide farmers tell me that they have no objection to the price being fixed at 26 cents as long as they are able to make a reasonable margin of profit. Most of them feel that the present system is better than the one that prevailed after the first war when there was no floor at all. They admit that the government has adopted a wise policy by coming to an agreement with the packers, but this does not have the same effect in eastern Canada as it has in other parts of the country. However, whatever difficulty we had for a short time in Quebec has been eliminated through the activities of the minister's department.

It is hoped that the present agreement with Great Britain will facilitate matters as far as we are concerned. As far as the agreement with the packers is concerned, our farmers find the basis is sound but at the moment all cold storage space has been taken up and since there are no canning facilities available in Quebec the situation there became acute. The government agreed to accept all canned pork under the agreement but since the Quebec slaughtering houses are not equipped for canning it became impossible for them to support the market at the agreed prices.

There was one co-operative in Montreal and one in Quebec but neither has any facilities for canning. Then there was a private enterprise built by an individual who was a great

help to the farmers for some time. He made money during the period when we were shipping to Great Britain. He continued to supply the British market long after other packing houses had gone back to the domestic trade. The farmers at that time were, I am told, well satisfied with the treatment they received from him.

Afterward he made arrangements to supply the United States market and our people were able to ship their hogs to him at lower costs of transport and yet be paid on the basis of Montreal as far as general prices were concerned. But when this agreement was made with the packers it was found that all cold storage facilities were filled and no canning facilities were available in Quebec. The companies manufacturing canning equipment told these people that it would take from eight months to a full year before they could supply any of this equipment. This company therefore stopped maintaining the prices but now has corrected the situation. Therefore the only reproach made by the farmers at that time was because they were not notified on the day that company stopped supporting the market. At one period our farmers were a bit worried because they were getting substantially lower prices, a top of 20 cents instead of 26 cents, but due to the interference of the minister this company has now sent cheques to all those who had sold to it at lower prices, and the situation is now remedied as far as that is concerned. However, this same packing house, which formerly slaughtered about 8,000 a week, is now taking about 1,200 at the most, and the people of our district have to ship to the Montreal market. The 26 cents applies to Montreal so there is only 23½ or 24 cents available to them for grade A. They are not on the basis they hoped to be when they first considered the statement of the minister, but the statement said f.o.b. Toronto or Montreal so there was no misrepresentation.

The fact that the local slaughtering house supported the market for a short period until the cold storage was full led them to believe the price applied to all of Quebec, but their price after shipping charges to Montreal are deducted is only 23½ or 24 cents. In producing at 24 cents, which is supposed to be the optimum or the best they can do, those who know the situation and their societies argue that they are losing money. Of course they understand that it is a temporary measure of support. They hope, possibly more than I could, that the situation will be short-lived, but we never know when the embargo will be lifted. They say that in the meantime the price should be raised to 28 cents at least. They want 30 cents, but as good traders—and farmers are good traders—they will accept 28.

In fact they accept 26 cents and say that it is much better than the way they were treated after the first war when there was no floor. Some of them argue that floors were inevitable because at one time a ceiling was also imposed. That is quite so, but most of them understand that the ceiling was imposed generally throughout the country on all commodities during the war, and if they would compare how they fared during the war and what they had as the result of their dealings under the ceiling system they understood they were a lot better at the end of last war than at the end of the first war when there were no ceilings on any commodities.

As I said, I felt a little awkward in getting up to speak on this subject, but the main object of my representation is to ask the minister to consider the special situation facing eastern farmers and particularly those of Quebec. You cannot it is true treat one part of the country differently from another but nevertheless there are differences in support prices between the various parts of the country because of shipping and other factors that are taken into account. However, because of the local facilities I think special consideration should be given to the Quebec farmers.

There is another point on which they want representations to be made. They fear that the floor on butter, which is 58 cents at the present time, may not be kept at that level. Some of them maintain that it should be raised to 62 cents. Some of them say that in a speech of the minister or some official of the department a price of 62 cents was promised at one time. It has not been shown to me and I do not know about it, but at any rate they fear that the floor price might go below 58 cents. The importation of butter last winter from outside countries can be explained to them. It has not been properly explained to them by some of their own associations, and I will come to that point in a moment. There had been a shortage in the previous winter. In order that this situation would not arise a second time the government thought it wise to import a certain quantity of butter from the Scandinavian countries.

Mr. Gardiner: If I might be permitted to interrupt, it might be well for me to raise this matter at this point in my hon. friend's speech. The floor price is set for another year at 58 cents. There is no question about that. It is 58 cents for another year.

Mr. Picard: I thank the minister, and if I ever send out reprints of my speech he can be sure of having justice accorded to him. I thank him for the correction. It is human nature not only with farmers but with everyone else to try to have a better life, and these people have asked for a floor of 62 cents. I am quite sure if I go back to them and say that the minister has stated that the floor has been extended for another year it will give them great relief.

Mr. Gardiner: Maybe I should put the statement correctly. A year ago the floor was set at 58 cents for two years, and it runs for another year.

Mr. Fraser: And ends when?

Mr. Gardiner: About a year from now, the first of May, 1953.

Mr. Picard: Then they are not only misinformed but they have misinformed me because I know nothing of the matter. The fact is that their own associations circularize them with respect to such things. The people concerned are requesting a subsidy on the transport of feedstuffs to reduce their costs of raising hogs or a higher ceiling on hogs f.o.b. Quebec for the eastern part of Quebec.

I should like to touch on a circular letter sent out by a Quebec farm organization and entitled, "An open letter to federal members". If I voice the desires of these people, who after all constitute 95 per cent of my constituents, if I take a great interest in their fate, try to understand their problems and be their voice and true representative in parliament, I must also point out that there are certain inaccuracies which their own associations have tried to instil into their minds.

When some people want to ask for something they start out by insulting or threatening, by using strong words of abuse or reproach in the hope that it will make their position stronger. I have discussed this open letter to federal members at the last four gatherings I have had in my constituency. These people are all interested in mixed farming. Some are small farmers, some are larger than others, and most of them are members of these associations. This paper is called *La Terre de Chez Nous,* and it is published by the Union of Catholic Farmers. I think that most farmers should belong to an association so that their interests can be looked after. I know that this association has sided most of the time with the opposite party provincially and federally, or rather it has been against everybody in authority but nevertheless I would advocate that the farmers join the association because it is their only means of putting forward their views. I do not disapprove of their belonging to it or making it stronger. They might choose their officers and the editors of their paper a little more carefully, but in any event this paper, which has quite a large circulation throughout the province, has published this open letter to federal members which I feel I must take to task.

I am not going to take very long to comment on it. I read all the numbers of this paper because even if I am not an expert on the problems they deal with I feel it is my duty to do so, and I read each number when it arrives. The first statement I do not like begins with these words:

> You who are in parliament where crises are made and who do not realize they are made . . .

Crises are not made in parliament. The crisis of the moment in a certain field of agriculture was not made in parliament. If Great Britain does not have enough funds to carry on purchasing in the dollar area and has to revert to the sterling zone, is that a crisis made in parliament? I think it is utterly false to say a thing like that. If the United States government felt that it was their duty to their own cattle raisers and to their population generally to impose an embargo because Canada had foot-and-mouth disease in the west, I think that nobody can say frankly, fairly and honestly that it is a crisis made in parliament. On the contrary, from the first moment the government tried to deal with it so that remedies may be brought about and help given where it was needed and members of parliament knew what was going on. Because the epidemic occurred in western Canada, most of the western members spoke on the subject. I did not think it was the proper time for eastern members, since no cases had been found in that part of the country, to enter the debate. Until the consequences of this outbreak were felt in the eastern part of Canada, it was quite proper to give the floor to those members who, for many days, talked about the matter.

Then this paper goes on and says that during the war the government—and in this they try to bank on the feelings of a small part of the community; they try to bank on some sentiments that they still hoped to find here and there in some districts of Quebec—they say that during the war the government in order to feed Britain made the people bear the full brunt of controls, even to the point of depriving Canadians of their needed food. That is a false statement, and as I told this meeting last Sunday, "I do not know of any of you in this room who got any thinner or whose health got

any worse during the war." This country's controls were applied fairly to the largest number of people. If the people fared so well during the war it was because, as the minister mentioned a moment ago, we were buying much larger quantities of farm products, building new industries and giving more salary to the men in industry. This was done by taking from people, corporations and so on who could afford to pay, the amounts needed for these purchases. Most people understand that such appeals no longer are effective in Quebec, yet here you see them and they are circulated to 50,000 people. I believe, therefore, it is worth while to talk about this matter.

A little farther on this paper oblivious of what happened during the war says that it is the poor farmer who has been the victim. In succession they say he has experienced the invasion of margarine, the fall in the price of hogs, the epidemic of foot-and-mouth disease, the United States embargo, the importation of butter from other countries and the fall to the lowest level of the prices of butter and cheese. First of all, the invasion of margarine was not a crisis which was made in the federal parliament. There was a law on our statute books preventing the manufacture of that product. The government felt it was their duty, rather than see one group of people in the country taking the matter to the Supreme Court of Canada and trying to secure something which the other group felt should not be given, that is a declaration of the federal law as being ultra vires, to refer this matter to the supreme court. I believe the government acted quite properly. The decision of that court was in favour of the provinces, so in some provinces margarine was manufactured. Quebec imposed a ban on it but the ban was ineffective in a way because it was called a spread or went under another name, so it was kept on the market. However, that condition is not something which was fabricated in the federal parliament.

I turn now to the fall in the price of hogs. As I said, this was caused by the closing of the British market, the epidemic and the United States embargo. Those are the three reasons for the decline in price and the farmers know it. Yet in order to make the case against the government even worse this paper goes on itemizing the causes and effects as being all the causes of the unrest that might be felt in certain quarters.

They go on and say that they ask us to speak louder and with more courage in the House of Commons. I do not believe anyone in this house can say that the members from Quebec who represent these people have not made representations to the proper authorities when the circumstances warranted. I believe the Minister of Agriculture (Mr. Gardiner) will say that as soon as the outbreak of this disease occurred a number of members from Quebec districts went to see him and bothered his secretaries and his experts in order to obtain the proper data and to be in a position to understand the situation. As hon. members know in order to correct a situation members do not have to get up and speak during a debate as often as some groups may believe they have to do. I do not disapprove of their doing so, but a case can be built quite strongly without ten people getting up and expounding the same theory. It is not the number of representatives from certain parts of Canada who take part in a debate that brings about remedies. One or two representatives making some suggestions would have the same effect upon the minister. When one or two members bring these questions to the attention of the government the effect is the same as if twenty members occupied the already crowded time of this house when some members are desirous of dealing with other matters.

Now, Mr. Speaker, this paper goes on and asks what their members are doing and what they are saying. This is why I am speaking now. What I am doing and saying now may not be the work of an expert in agriculture, but I thought I should make these representations to the minister. I had also to tell these people who are publishing this paper that they are prejudicing the case of the farmers in Quebec and that they cannot justify most of their accusations against the government or the officials of the department. If these people had come forward and said to the government, "Owing to special circumstances in our district, Mr. Minister, we would like more help, higher prices or higher subsidies; we thank you for what you have done but you might do a little more," they might have received a better hearing. Such an approach would have been more sincere and fairer to everybody concerned. But no, there are some people—these people have been doing it for years—who try to arouse feeling between the workers and the farmers, and between the latter and other classes of society, who try to destroy the confidence the farmers have in the government and the federal Department of Agriculture. This has been done by stating that all the federal government does is for the western members because the western members are always speaking on behalf of their provinces.

I believe that our farmers have more sense than that, Mr. Speaker. However, when you consider that these statements are spread to

50,000 people I feel it is time for me to get up and voice my disapproval of those tactics.

These people end the article by stating that the farmers of Quebec "hope you will take them out of this crisis created by your government." They try to pin on the government the blame for the foot-and-mouth disease, the United States embargo, the curtailment of British purchases, but frankly, Mr. Speaker, I know, from the courtesy shown by farmers in general, that they appreciate the situation better than this paper does. With his knowledge of the situation and the representations made by members the minister I know will consider any remedy that should be tried. These farmers may feel that, whatever the situation is, they have in Ottawa a department which will give their interests the consideration to which they are entitled.

Mr. William Bryce (Selkirk): Mr. Speaker, I always enjoy listening to the Minister of Agriculture (Mr. Gardiner). While I do not often agree with him, I enjoy his speeches. I do not think anyone can make a black picture look rosier than he can. In fact he would put John Fisher to shame if it came to giving a commentary on something that was black and which he wanted to paint white. He is an asset to the Liberal party. They ought to be proud of him, because he gets them out of many holes.

Mr. Sinnott: And to the Dominion of Canada.

Mr. Bryce: Look; I want to know who is making this speech. My friends here tell me I do not need your help, though you come from Manitoba; I am quite able to stand on my own two feet.

The minister had something to say about the packers and what a co-operative bunch they were, that they had come to the assistance of the government at this time. That is very good, but it will not keep me from criticizing the packers in future. I have always criticized the packers, and I feel quite justified in doing so. I am going to keep on doing that, because some of the greatest gains the packers ever made came through the misfortunes of the farmers. I need not go into details to tell the farmer members of this house what I refer to. We are in an emergency now, and just wait; you will see how the packers will take advantage of it. It does not matter to a packer whether he is paying one cent or 30 cents a pound; he has the same toll for every animal that goes through his plant.

Then the minister said that Manitoba could help by taking the cattle in there. I think the drawback in that connection is that the stockyards at St. Boniface are quarantined. Is that not the trouble?

[Mr. Picard.]

Mr. Gardiner: No, they are not quarantined in the ordinary sense of the word.

Mr. Bryce: They are quarantined in the sense that if tomorrow they took Saskatchewan animals to kill, which they would be quite willing to do, they could not get rid of the beef.

Mr. Gardiner: Oh, yes, they could. There is nothing to prevent the meat passing beyond Winnipeg, except the regulation in Montreal under which they do not accept meat from Saskatchewan, but I think that will be cleared out of the way in due course.

Mr. Bryce: I thought it was a federal quarantine on the yards there.

Mr. Gardiner: No, there is no quarantine on meat going through.

Mr. Bryce: But there is a quarantine on the yards?

Mr. Gardiner: Saskatchewan cattle have always been killed at Winnipeg, but now Manitoba says they cannot be killed there. That is the obstruction.

Mr. Coldwell: What is the effect of the federal quarantine on the situation in Winnipeg?

Mr. Gardiner: The federal quarantine says that live animals cannot go past Winnipeg. Under our quarantine live animals can go into Winnipeg and be killed, but the Manitoba government says they cannot.

Mr. Bryce: This problem has pointed up what I have advocated in the house on other occasions, the need for a board of livestock commissioners. If we had such a board today I believe it could handle this situation. It would be able to regulate the traffic, and do it on a federal basis, because it would have that power. Of course when I brought up the matter in 1944 the minister pointed out that it would not be legal. He said it would be similar to the board of grain commissioners, which at that time he said we just tolerated, that if it went to a legal battle we would lose out. But if we had that board of livestock commissioners today we would have an organization to deal with this emergency. The next time I made the suggestion the objection was that the farmers did not want it. At that time I was able to show that every farm organization has asked for such a board for the last forty years.

Coming back to the floor prices, I have here a copy of the *Western Producer* of May 8, 1952, and I am going to quote from page 4:

Pool livestock men pointed out that the federal government had not made any arrangements to

take beef from Manitoba and Saskatchewan packing plants at the floor price. Government statements cited the continuance of the Manitoba embargo on cattle shipments from Saskatchewan, together with the absence of sufficient cold storage space in Saskatchewan, as reasons for the government's refusal to buy at the floor price in these provinces.

Pool officials concluded, therefore, that maintenance of the floor price depended entirely upon the success of the government's request that farmers voluntarily hold back deliveries, especially of feeder cattle which could stand further finishing on pasture.

But, the pool men declared, the hold-back request could not be expected to work, for two reasons: One, pressure to deliver cattle would increase following seeding, especially since more farmers than usual had fed cattle over the winter; and two, because failure of the federal government to require all cattle marketings be made through public stockyards simply meant that there would be greater direct-to-plant deliveries by farmers.

They go on and deal with prices, but I need not read that because it has been read here two or three times. We have these floor prices which the minister has said cannot be enforced. I do not know why. What is the good of putting in floors if you cannot enforce them? The prices have been set too low anyway, as was pointed out by the hon. member for Souris (Mr. Ross) and the other three hon. members who spoke. Even so the packers will not pay those prices, and it seems absurd to set prices which the packers need not pay. There should be some way of overcoming that. There are enough lawyers in the house to find some means of making the packers pay the prices they should pay.

These prices are $25 at Toronto, $23.25 at Saskatoon, $22.80 at Calgary, $22.55 at Edmonton and $23.40 at Vancouver. I am quite sure the minister has always erred on the low side in setting prices. He has admitted that himself; I need not debate that with him. Yet here the packers are chiselling another dollar or two beyond that. I think that is bad, and something should be done about it.

Another point is this business of setting the price for a month or two months ahead. I have spoken here in the house on forward prices, but I never took that to mean a month, six weeks or two months ahead. I figured that when we set forward prices we meant for three or four years ahead so that farmers would have some stability and security and would know where they were going.

Coming back to the floor prices, if ever there was an emergency, this is one. The government should give us the benefit of that legislation and enforce it. If they do not, I just hate to think what is going to happen to the farmer.

Mr. Gardiner: If my hon. friend will permit me, it has been mentioned two or three times that the price is fixed for only a month. It is longer than that. The present price is set until July 1, and that would be about three months from the time it was first announced. Well, on June 1 the price is determined for the month of July and from then on it is determined from month to month; but it is always for two months ahead. I should like to suggest that it is not only possible that it will go down; it is possible that it will go up. It is an adjustment of the prices. There is no doubt that if we had not been able to make the British agreement it would have gone down, but with the British agreement made I do not know which way it will go.

Mr. Bryce: That is no guide to the man who is going to breed a cow for the future.

Mr. Gardiner: It is more of a guide than he ever had before, and he has been breeding cows a long time.

Mr. Bryce: You keep coming back all the time telling us that this is the best government; and that you have done more for agriculture than any other body. You have not even brought in any forward prices yet. What benefit or what stability has the farmer? The farmer has no more stability today under the Liberal government than he had under the Tory government. The sooner you wake up—

Mr. Gardiner: He is in a bad way, then.

Mr. Bryce: I might tell you this in all sincerity. The farmer will never go back to the mere pittance that he got for his work before the war. He will fight as he never fought before for something better than he had before.

Agricultural prices were the last to go up, and were the first to drop. They are going back now, and the government is doing very little about it, in order to keep them up. Take the position of the farmer today. In approximate figures he is taking $80 to $100 less for a steer than he was in February. I am sure the Minister of Agriculture will agree with me that there is that drop. Take a hog; he is taking about $35 for a hog that he was getting $54 and $55 for. How much has the consumer benefited by that?

Mr. Sinnott: Plenty.

Mr. Bryce: The consumer is getting no benefit from that.

Mr. Ross (Souris): Who said "plenty"?

Mr. Sinnott: I did.

Mr. Deputy Speaker: Order.

Mr. Sinnott: Compare meat prices today with six weeks ago.

Mr. Argue: If you said it, we can forget about it.

Mr. Sinnott: Compare meat prices today with twelve months ago.

Mr. Bryce: Mr. Speaker, may I have a word? The consumer is getting practically no benefit from the loss that the farmer is taking in his produce. I can speak for cheese. Look at what you pay for cheese, and yet the farmer who produces that cheese can get only 23 cents for it. There should be an inquiry into this. Steers drop 10 cents on the Winnipeg market. If they dressed only 50 per cent, that would mean a drop of 20 cents in the price of beef. If you go into a store you will see that the price of beef is down perhaps 5 cents or 6 cents. The difference of 15 cents went somewhere. It went begging somewhere. Either the packer got it or the retailer got it. There has never been an inquiry to find out where it was going. It just happens that the consumers have to pay through the nose for it and the farmers have to take less.

I do not think the minister answered the question at all this afternoon. When I read his speech tomorrow I will find that it is just another good Saskatchewan political speech. I am sure it will be that.

Mr. Gardiner: It will be good for Manitoba, too.

Mr. Bryce: I do not know that it will. Manitoba is getting a little tired of it.

Mr. Sinnott: They are getting tired of the C.C.F. too.

Mr. Bryce: If my hon. friend had had his way he would have been here as a C.C.F. member.

Mr. Sinnott: Mr. Speaker—

Mr. Bryce: Sit down and take it.

Mr. Sinnott: I am not taking anything at all from the hon. member for Selkirk or from anybody else over there. I want to say that my Liberal majority was more than it ever was before.

Mr. Bryce: Even the Social Crediters wasted their time educating him.

Mr. Sinnott: I am pretty secure where I am.

Mr. J. A. Charlton (Brant-Wentworth): I want to take only a very few minutes in this debate on floor prices. I agree with practically everything that has been said so far except that which the Minister of Agriculture himself said. What the minister said this afternoon was that in fact the farmers of this country are supposed to take what the government is offering them and say nothing.

Mr. Gardiner: Oh, no.

Mr. Charlton: They should be satisfied with what this government is handing to them, and it is a pretty bare bone.

Mr. Gardiner: You can't be a farmer, then, you say plenty.

Mr. Charlton: I have been a farmer as much of my life as the minister has.

Mr. Sinnott: A poor farmer you are!

Mr. Charlton: And I think that is going quite a way.

Mr. Murphy: And most successful.

Mr. Gardiner: I do not have any difficulty over their talking to me. They talk to me all the time.

Mr. Charlton: I did not interrupt the minister when he was speaking; I ask him not to interrupt when I am speaking.

Mr. Gardiner: It all depends on what you say.

Mr. Charlton: I can assure you it will not be something that you will like very well.

Mr. Sinnott: It never is.

Mr. Charlton: No, not from that side of the house, strangely enough.

Mr. Sinnott: It never is from you.

Mr. Charlton: The previous speaker mentioned the price to the producer in relation to the price to the consumer. I want to say that the price of hogs has dropped one-third to the producer since last August. Has the price to the consumer dropped equally? No.

Mr. Sinnott: You should know.

Mr. Charlton: Nobody can stand up in the house and say it has, not even the hon. member for Springfield.

Mr. Sinnott: I can say that the prices have dropped in comparison in the stores today. Be realistic.

Mr. Fleming: You must have been eating horse meat.

Mr. Charlton: The hon. member for Springfield thinks the price has dropped sufficiently to the consumers, anyway. We will let him go on thinking that and see how many consumers agree with him. They will be the judge of who is right and who is wrong.

Mr. Gardiner: What is the price of lard?

Mr. Charlton: Yes, and what did the minister do to increase the price of lard?

Mr. Gardiner: What is the price of spareribs?

Mr. Charlton: What did the minister do? By increasing the weight of hogs to be taken in, he simply increased the production of something which could not be sold, namely, fat.

Mr. Gardiner: You are saying that the price has not come down to the consumer. I am asking you, what is the price of lard; what is the price of spareribs?

Mr. Knowles: What is the price of boloney?

Mr. Fleming: Ask the minister.

Mr. Deputy Speaker: Order. I would hope that those who object to interruptions by some hon. members would not find themselves guilty of the same offence. The hon. member for Brant-Wentworth has the floor.

Mr. Charlton: I do not think the price of boloney is something that we need to worry about, but there is a lot of boloney coming from the other side of the house.

Mr. Sinnott: You are spreading it in chunks.

Mr. Argue: There are 200 pounds of it talking.

Some hon. Members: Oh, oh.

Mr. Charlton: There are some interruptions I appreciate and some I do not, but the last one I really do.

Some mention has been made of the price of eggs and of the floor price of eggs. So far as the floor price is concerned, the minister himself answered the question as to why they could not administer the floor price legislation when he said that in the case of eggs anyone who was not paying to the producer what he thought was a fair floor price would simply be told that the government would not buy their eggs from them in the fall. If that will work, why could not the same practice be put into effect with the packers?

Mr. Gardiner: It has been. When we made the announcement the other day regarding meat sales to Great Britain we said we were not taking any meat for which they had not paid floor prices.

Mr. Charlton: I am sure the government have had plenty of opportunity to find that their floor price has not been paid in many cases. If they have not done it, they have had access to the books of the companies, one way or another, and could have found out what was paid. I think the packers can look after themselves pretty well. They have done so in the past and I think they can do it today without the minister trying to help them out.

Mr. Gardiner: What would you do now?

Mr. Charlton: It is not a case of what I would do. It is the Minister of Agriculture who is doing it. I may have an opportunity later on to say what I would do.

Mr. Gardiner: You might be minister of agriculture in Ontario, if you would apply for the job, and that is the way it would be done.

Mr. Charlton: Of course the reason the minister has not placed a floor price under cheese is pretty obvious. Two years ago he coaxed the cheese producers in Ontario to go into the cheese marketing business, on the assumption that he would assist them in any way he could. They did that.

Mr. Gardiner: They would not agree with you on that. Do not make statements which are absolutely false. That is false.

Mr. Deputy Speaker: This, of course, is a deliberative assembly. Interruptions are sometimes in order if the hon. member who has the floor does not mind being interrupted. However, it would appear that the hon. member who has the floor does not wish to be interrupted, and therefore interruptions should not take place.

Mr. Gardiner: On a point of order; if the hon. member will not talk straight across the house to me, and will address himself to you, he will not have any interruptions from me. But when he asks me a question, direct, I will answer him.

Mr. Fleming: You do not wait for the question.

Mr. Charlton: In all the experience I have had in the House of Commons I have not seen the Minister of Agriculture address Mr. Speaker very often.

Mr. Gardiner: Then you are not a very good listener.

Mr. Charlton: As I was about to say, I think the reason the Minister of Agriculture is now avoiding putting a floor price under cheese is that it hurt just a little bit to have the cheese producers of Ontario get more money for their cheese last year than the minister could get for them.

An hon. Member: Why do they not do it this year?

Mr. Charlton: Is the situation this year comparable with last year? I think no one will agree that it is.

An hon. Member: You have the same board.

Mr. Charlton: The hon. member opposite will have plenty of opportunity to make his speech. I am sure the people back home will be interested to hear what he has to say.

Mr. Ferrie: You called it socialism not long ago.

Mr. Deputy Speaker: Order.

Mr. Charlton: I shall continue to vote the way I wish, not the way some people to my right vote.

Mr. Ferrie: Yes, you told me that.

Mr. Charlton: The minister in January of this year actually promised the cheese producers that he would set a floor price under cheese. How long is it going to take the minister to fulfil that promise? The situation has worsened since that time; still nothing has been done.

Mr. Gardiner: I never make any promises.

Mr. Charlton: The cheese producers of this country were waiting patiently until the last two or three weeks, but they are rather impatient today. The minister made the suggestion that there was going to be a meeting tomorrow. I would hope that some good would come out of it, and that the minister would set a reasonable floor price for cheese. He made the statement today that Ontario was the only province that produced a surplus of cheese. We hope that that is not going to be used against us in the setting of the floor price.

The minister made some comments regarding the amount of talking done, and its effect on the price of beef today. I think it has been made plain enough and obvious enough to all people across Canada that, no matter if beef is slightly infected with foot-and-mouth disease, it does no harm so long as it is cooked properly. So I do not think there has been much reduction in the consumption of beef in this country, as a result of any talking done here from either side of the house.

I say that the floor price legislation has been nothing but a farce and a hoax to the agricultural producers of this country. It has won for the Liberal party two elections; and, apart from that, I can see very little that has come from it.

Butter producers are the only group who have received anything near the actual floor set by the government for their product. In other cases the floor price is set to the wholesaler, and the producer in some cases gets a small proportion of it. It has no relationship whatever to the cost of production. The floor price is a guarantee only to the wholesaler, not to the producer.

There never has been a formula written into the act. Although the minister claims he has a formula, and that he works upon it, that formula does not always bear out what has been said. That is particularly true when we keep in mind the figures that were given this afternoon by the hon. member for Acadia (Mr. Quelch). I will admit the minister made a very good try today to paint a rosy picture—and that is something he does very well. But the floor price now set on beef, for a period of two months, is of very little use to any producer. It does not give him any security. He has no idea what the floor price will be after the two months are up.

I will say now that it is not only the farmer who will lose by this fact. Eventually the consumer will pay a higher price for his product because the floor price is not set high enough to hold production. In that way production will be lowered, with the result that the consumer will pay more for the product than otherwise he would have done if the floor price had been kept at a reasonable level so as to keep production where it should be.

I say again that the price to the producer has gone down considerably more than the price to the consumer. The fact that the floor prices are not high enough to keep production at a proper level will mean that the consumer will be the one who eventually will have to pay for the government's delinquency.

Mr. Sinnott: May I ask a question?

Mr. Charlton: Yes.

Mr. Sinnott: What was the top price paid to hogs—

Some hon. Members: Oh, oh.

Mr. Sinnott: Just hold yourself, now. What was the top price paid for hogs in any of the five years between 1930 and 1935 when the Conservative government was in power.

Mr. Charlton: I think the hon. member will agree that the top price paid for anything between 1930 and 1935 was not anywhere near the top price paid today.

Mr. Sinnott: Answer the question. What was the top price paid?

Mr. Charlton: I do not have to answer it.

Mr. Sinnott: It would embarass you and your opposition.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, I shall not be long in what I have to say. I would bring before the house one point which I believe has not been touched upon, or has not been emphasized sufficiently in relation to this matter of meat prices, floor prices and the marketing of stock. I am very pleased indeed to know that some arrangement has been made for the sale of some of our meat to the United Kingdom,

through the co-operation of New Zealand. That is something we should appreciate within the commonwealth organization. The amount that we are likely to sell at the moment is relatively small and the basis upon which the trade is made is temporary and emergent from our point of view.

As the minister knows, I have always felt and I have always said that our main market for farm products throughout the years has been and will have to continue to be the United Kingdom. I criticized the government at the close of the war in 1946, 1947 and 1948 because we had entered into effective arrangements with the United Kingdom to take certain quantities of our meat products, and in not one of those years had we fulfilled the understanding—I will not call it a contract or agreement—that we had with Great Britain. Consequently to some extent —I shall deal with what I think is the other side in a moment—the loss of that market was due to our inability to fulfil the obligations we had undertaken at least tentatively. I have the figures before me for those years but I shall not repeat them because I think I placed them on the record some time ago.

The other reason was that in our undue haste to put into effect the Geneva agreements that were made in 1947 we to some extent prevented the United Kingdom from obtaining Canadian dollars by the sale of British products in the Canadian market. I think we can all recollect that we agreed to wipe out certain wartime tariff concessions to the United Kingdom as at July 1, 1948. The result was that to some extent the ability to earn Canadian dollars with which to buy our farm products was denied to the United Kingdom.

I believe that the only sure and stable market we can have in the future is the United Kingdom. I have been in this country now for 43 years during which time I have been in the prairie provinces. From time to time we have had a good market in the United States for our livestock but whenever livestock and other farm production in that country reached the point where they could supply their own market as we have recently found again we always had difficulty in marketing our livestock and farm products there. That has been the history in this country. We have had embargoes and restrictions placed against our cattle, as well as against other farm products. We have been faced with duties against our wheat, grain and other products.

I believe that if we are going to have long-term and assured markets for our farm products we shall have to look again across the seas. This may be an opportunity to re-enter the overseas market and, perhaps, to stabilize that market. If we are to do that we shall have to enable the customers of Canada to earn enough dollars to pay for our products or enable them to settle their obligations to us in some other way.

I am quite certain that the policy of marketing in North America, that of Canada and the United States, is wrong. The United States and Canada are willing to sell to the rest of the world, but we raise tariff and other barriers against goods that might come into the country and thus enable those overseas countries to earn the necessary dollars to pay for our goods. In other words, you cannot have one-way traffic, you have to have reciprocity as between your customer and yourself if you are going to stabilize the market.

I rose mainly to say to the minister that now that we have started once again the flow of meat by this arrangement I hope that it will be possible to expand the United Kingdom market. Mexico is again entering the United States market. The population of cattle and hogs in the United States has increased in the last two or three years. Of course it will be said that their human population has increased also and therefore they need more of these things, but whenever pressure has been exerted by the farm bloc of the western states we have found it difficult to market our dairy, meat, grain and other products in the United States.

After all the reliable consuming countries are those countries which can produce only sufficient food to feed themselves for three or four months out of the year. It seems to me that this house, this government and this country should be giving some study to the fiscal and tariff policies of our country in an effort to encourage those trade relationships which I think offer the final answer to some of our problems.

Our own domestic consumption should be increased to the greatest extent possible. I am not saying that the minister and others are not of the opinion I have just expressed, but I did think that when we were dealing with floor prices we should be considering ways of putting this trade on a long-term basis. Our farmers have always asked for stability rather than high prices. I have heard the minister say that in this house on numerous occasions. This afternoon the hon. member for Selkirk (Mr. Bryce) spoke of forward pricing.

Forward pricing is no longer an experiment in the realm of agricultural production. We have seen it undertaken successfully in

many countries. It has been undertaken in the United Kingdom. As the minister knows, my relatives in the old land are and have been engaged for generations in the raising of cattle. My father fed cattle. When I was over there three years ago I found farmers to be more prosperous than they had ever been. The reason they gave me was that they knew what they were going to get for their livestock for three or four years in advance. They knew what they were going to get for their poultry products and for other things for months in advance. They had something of a guarantee of production and price stability.

The minister pointed out today that the butter producers of this country know that there is a floor under butter until May 1, 1953, and that of course is a kind of forward pricing. I think that type of forward pricing could be greatly extended if we had stable markets for our products. We have a stable market for butter because we consume all the butter we produce, even having to import some. The situation is different with regard to some of the other products we have been discussing this afternoon. The point I am making is that we need a stable market in order to deal with this problem. We should exercise reciprocity in getting that market. If we are going to sell, we must buy. We cannot operate on a one-way street.

Just one other point before I sit down. There was some discussion this afternoon about the floor prices under hogs. I have in my hand—it was handed to me just now—P.C. 1411, made at government house on the 8th March of this year. It reads as follows:

> Whereas by order in council P.C. 944 of February 13, 1952, all pork products were designated as an agricultural product for the purposes of the Agricultural Prices Support Act, 1944, and the agricultural prices support board was authorized to prescribe prices to be offered for pork cuts placed in storage up to and including September 30, 1952, for the purpose of providing a price of not less than $26 per hundred pounds for grade A hogs basis Toronto and Montreal with appropriate price differentials at principal public stockyards throughout Canada;
>
> And whereas to maintain the price of $26 per hundred pounds as then approved the agricultural prices support board proposes, under the authority of paragraph (b) of subsection 1 of section 9 of the Agricultural Prices Support Act, 1944, to offer to purchase pork in canned form in accordance with its specifications and under the authority of paragraph (a) of subsection 1 of section 9 to prescribe a price equivalent to 26 cents per pound for warm dressed carcasses basis Toronto and Montreal—

Then it goes on to say that this action is approved by the government. The price of 26 cents a pound is for grade A hogs basis Toronto and Montreal. The point that was being discussed this afternoon was that heavy hogs were taken in and that this provision had been made so that the packers could take heavy hogs and can pork products. That was not Wiltshire sides or frozen sides but heavy pork. The point that was being made this afternoon was that these heavy hogs were not being bought by the packers at the floor price of $26 per hundred pounds but for considerably less.

Mr. Gardiner: If I may interrupt, I know my hon. friend—

Mr. Coldwell: I will just make my point and then I will be glad if the minister will answer because I understand that was the point discussed this afternoon. The packers were buying heavy hogs at prices lower than 26 cents a pound and were protected for the lower grade at the higher price level. If I am wrong I shall be very glad to have the minister put me right.

Mr. Gardiner: I think my hon. friend is wrong. The packers are paid for the different grades of pork on the basis of the price for the pork. The outcome is that if you buy hogs at $26 a hundred warm dressed weight you then take the fat off, which is the lard and was worth 5 or 6 cents a pound a few days ago. There is so much of it that it comes down to that value in price. Then you take out the bone which you must take out in order to be able to can the meat, and by the time you have done those two things you have taken out half the weight with the result that what you bought for 26 cents a pound goes into the can at 52 cents a pound. On top of that it costs 12 cents to can it, so by the time you get through with it it is 64 cents a pound. Fifty-two cents out of that goes to the producer. If it is a hog of another price that is taken from the books, as it was suggested it could be, they are only paid for what we get.

Mr. Coldwell: I am very glad the minister has made that explanation because the wording of the order in council, to prescribe a price equivalent to 26 cents per pound for warm dressed carcasses basis Toronto and Montreal, would include some bone and fat.

Mr. Gardiner: It says "equivalent to".

Mr. Coldwell: Then allowances would be made for what you might term some waste or lower priced products.

Mr. Gardiner: That may mean $19 for some others.

Mr. Coldwell: That is substantially all I wanted to say on this point. There was another point I wished to deal with very briefly but I think I will defer it until another occasion because it does not fit in with what I have just said.

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, I desire to say a word or two on this same subject. I believe the discussion up to the present time has been highly profitable and quite indicative of the serious condition which exists throughout the country. What we need now is a government financial measure to cushion the livestock industry against a disastrous loss due to an unpredictable mishap. I have a letter from an authority in Raymond, Alberta, in my constituency, a man who knows the whole situation regarding livestock inside and out. The letter is dated May 6, 1952, and reads in part as follows:

> The livestock situation is very bad and going to cost an awful lot of money to the livestock industry. A differential of 6 to 10 cents between Canadian prices and United States prices is quite an item when spread over the entire cattle production in Canada.

That is the situation we must face. We must make up our minds whether we are going to allow the livestock producing industry to be seriously injured, if not in large measure destroyed, or whether we are going to adopt measures which can save it from this dangerous situation. What we must have is in essence a guaranteed incentive floor price. The minister said that it has never been the policy of the department to guarantee an incentive price as a floor, but under the conditions which now obtain resulting from the peculiar set of circumstances confronting us I believe we must keep our eyes on an incentive floor price. All surpluses could be drawn off by government purchases of all finished livestock at the prices prevailing at the time of the United States embargo.

The question will be raised as to how that can be done. Under the orthodox financial methods of the minister and the government it probably cannot be done but under a sane realistic financial system it could be done. It could be done by the wise use of the social credit of Canada. We are facing what is more than a serious passing situation in this nation. If orthodox finance cannot solve the problem then let us adopt some measure that will solve the problem.

An hon. Member: Why didn't Alberta solve it?

Mr. Blackmore: If the young man would only stop talking nonsense while someone is trying to speak the truth he would get somewhere, and we all would. Let my young friend get this straight. In world war I the dominion government through its finance department created money, bought $50 million worth of wheat and loaned that wheat to Great Britain. It could just as well have given it. There was no cost to the people and no debt incurred for Canada. That same device could be used today through the Bank of Canada or the finance department and the result would be that we would save all our livestock producers from loss, not only those for whom the hon. member for Bellechasse (Mr. Picard) was speaking, but producers from coast to coast in this nation.

All we have to do is to do a little realistic financial thinking. As I have pointed out several times, what was done in world war I certainly could be done today. It could have no greater inflationary effect than would have been produced if we had sold this livestock to the United States at the prices at which we might have sold it. It could not produce any more inflationary effect than if we had sold this livestock to Great Britain in return for her guarantee that she would pay at a later date, or for gold if she had it. Why then should the device not be considered seriously and adopted, when even now we could save our livestock producers from coast to coast in Canada a loss which is going to injure that industry for a long time to come?

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

PRIVATE BILLS

BOUNDARY PIPELINE CORPORATION

The house resumed, from Friday, May 9, 1952, consideration in committee of Bill No. 62, to incorporate Boundary Pipeline Corporation—Mr. Larson—Mr. Beaudoin in the chair.

On section 1—*Incorporation.*

Mr. Noseworthy: Mr. Chairman, I have opposed other pipe line bills similar to this in other years, just as I have opposed this one in the committee of which I was a member. The members of this group opposed these bills on the ground that we believe pipe lines such as these, which are destined to become public utilities and are to be used for the distribution of natural resources, should be built and operated by a public body.

The gas which this company proposes to transport is, to begin with, a natural resource, and it is the opinion of this group that our natural resources should not be turned over to private enterprise for the making of profit, but that they should be used in the best economic interest of the public. The transportation of gas is in a class with hydro; it becomes extremely important in the economic development of the country. Eventually, if this pipe line is built, industry will come to

depend upon the gas transported by this company; private home owners will come to depend upon it; and the industrial development of those sections of the country through which the line passes, and where gas is available, will be determined to a large extent by the price and availability of this natural resource. We feel that such an enterprise is of far too great importance in the economic life of our country to be exploited primarily in the interests of dividends on invested capital. We feel that the aim of such a service should be to assure the best economic interests of industry and consumers. We feel that the distribution of this natural resource should be geared to the public need, and that providing for that need should be a first consideration.

For years past we have been handing over the natural resources of this country to capitalist enterprise for exploitation without a great deal of regard for the future needs of this country, and without too much regard for the extent to which those natural resources are used to meet the needs of the community. We feel that these resources belong to all the people. We feel that only a government responsible to those people can exploit those resources in the best interests of the people. Had Sir Adam Beck, for instance, and his supporters followed, in the matter of the hydro development in Ontario, the policy which we are following here in the matter of these pipe lines, Ontario would have been deprived of the great publicly-owned hydro system. Ontario industry and Ontario development would undoubtedly have been handicapped since our hydro developments would have been used primarily in the interests of investors rather than in the interests of the development of the economic life of the province.

The transportation of natural gas is, in many respects, on a par with railway transportation. I think it is high time that we ceased handing over natural resources to capitalist enterprise in the first place, and leaving it in the hands of capitalist enterprise until such time as they become unprofitable for such interests to operate, then unloading them on the taxpayers of the country. We have done that in several instances, and in our opinion it is a much better policy for those resources, in the first instance, to be developed and controlled by public ownership. It is only good business sense, I suppose, that the first interest of a company such as the one proposing to build this pipe line should be the investors in that company, and the payment of dividends that accrue to those investors.

[Mr. Noseworthy.]

Granted, of course, that this enterprise becomes a public utility; granted that the dividends here are limited as they are in all public utilities; nevertheless, no company such as this can place public interest first. I know that in the committee the promoters of this company tried to assure us that their sole concern was to supply the people of Manitoba with natural gas; they said that their chief interest in building this pipe line was to make gas available to the people of Manitoba and particularly those of Winnipeg.

I do not think that any of us here are so naive as to believe for a moment that such a company is primarily interested in serving the province of Manitoba with natural gas. As I have said, it is only good business that this company's first interest should be the protection of the investors in the company and the payment of dividends on that investment. It seems to us that here, in the building of pipe lines, is one instance which, probably more than most enterprises that come before us, should be under public ownership.

It may be, of course, that that which serves the best interests of the investors in this country will at the same time serve the best interests of the communities that are to be served by those resources. I think however that history has shown us in numerous cases that the interests of dividend seekers and the interests of the community that is to be served by public utilities do not always coincide. That which is in the best interests of the investors in such an enterprise as this is not necessarily in the best interests of the community. What may in many instances be most profitable in the interests of the community is not of necessity most profitable for the investors in such a public utility enterprise.

There are few people today living in Ontario who would agree to handing over the Ontario hydro system to any private enterprise. Nevertheless when that enterprise was first initiated there were those supporters of free enterprise who fought to retain hydro, just as the supporters of free enterprise are fighting today to secure and retain control of these pipe lines.

There is another question that arises in my mind out of the scramble of companies to secure charters for the building of pipe lines, and I have raised that question on a number of occasions in committee. Just why are so many of these companies joining in the scramble for charters to build pipe lines? When I asked that question of the promoters of this company, I was told that a charter would be valueless to them, would be nothing but a liability to them, unless they eventually

secured from the Alberta government and from the board of transport commissioners the right to build and the right to export gas from Alberta to Manitoba.

I just cannot see astute businessmen going to the expense that is involved in securing one of these charters, in surveying routes, and all the other preliminary expenses, when it is an accepted fact by all these promoters that the very nature of this industry is such that not more than one pipe line will be built to serve any one section of the country. The investment is of such a nature that it would not be economically feasible to build two or more parallel pipe lines through any section of the country. It was generally agreed that one or the other of those applying for charters would eventually secure from the board of transport commissioners the right to proceed with their pipe line, but not two or three of them.

I have no way of proving that my suspicion is based on fact, but I have a suspicion that each one of these companies expects to be in a position to make some use of that charter and to regain with profit every dollar that they have invested in securing that charter, in surveying the route and in any other preliminary expenses connected with it. If that is the case, it will be the consumers of this product who will, in the long run, pay that cost. For every one of those charters that are granted and are not used, the consuming public will eventually pay. On that ground I still fail to see why there is any necessity for granting charters to so many of these companies.

There is another point which causes grave concern as far as this particular company is concerned. This company proposes to build a comparatively short pipe line—that is, short in comparison with the line proposed to be built by other companies—and one with pipes of relatively small dimensions, to carry Alberta gas as far east as Winnipeg. We were given statistics to show that in the opinion of the promoters there was a sufficient market to make that particular pipe line a paying proposition. We were given statistics to show just how much gas would be purchased by industrial firms in the area through which the pipe line passed, by home owners and so forth. But there is reason to believe—and in my opinion good reason—that the estimates provided to us were somewhat exaggerated. There appears to be good reason to believe that the market which will be available for that comparatively short pipe line will not be nearly as large as we were told it would be. Out of that fact arises this situation. In the event of that particular pipe line not proving to be economically feasible, or in the event of development showing that that market is not sufficient to make this pipe line a paying proposition, it would then be only good business for that company, in order to make their enterprise a paying proposition, to run from that trunk line spur lines into the United States.

I fail to see where we have any assurance that, once this undertaking is initiated, gas will be made available in Canada or to purchasers in Canada. It seems quite reasonable to assume that once having built the pipe line to Winnipeg and finding that that pipe line is a paying proposition, the most businesslike course to follow would be to build short lines from their main line into the United States, in which case the United States would be getting a supply of Canadian gas before Ontario and Quebec would have access to it.

Many of us on the committee felt that that was a real danger. It is said of course that, in such an event, arrangements could be made with the United States whereby Ontario and Quebec would get an equivalent supply of natural gas to make up for the Canadian gas that was going into the southwestern states. There is no assurance whatever that we can make any such arrangement. As a matter of fact, the opposite is more likely to be true. I hold in my hand a report from the Canadian information agency of Ottawa, dated April 26, 1951, in which it is pointed out that the natural gas industry is finding in the United States that new discoveries are not keeping pace with production. The report goes on to say:

> The ratio of reserves to production, according to the American gas association, has dropped from 32·49 in 1946 to 26·17 in 1950. The figures show also that the increase in reserves in the continental United States was almost negligible for the year 1950.
>
> In the southwest producing areas, the feeling is growing, according to the federal power commission, that their principal energy resource is being sold out from under them. The commission made this observation in considering applications by natural gas suppliers to serve the New England market.

There is other evidence to show that we cannot proceed on the assumption that if Canadian gas is exported to the United States before Canada's needs are supplied we can be assured of an equivalent supply of natural gas from the United States for eastern Canada.

We are told of course that by opposing this bill, and the incorporation of this company, we will probably be depriving Manitoba and the city of Winnipeg of natural gas for a long time. The argument is used that there is now or will be shortly a sufficient supply of Alberta gas to provide Manitoba with what it needs, but there will not be for some time

to come sufficient quantities to warrant the building of a larger pipe line through to Ontario and Quebec. Therefore those of us who oppose the granting of this charter are charged with depriving the Manitoba people of access to that gas until more is available for eastern Canada.

In the first place, there is no assurance of course that the province of Alberta will permit the export of gas to Manitoba until there is a sufficient quantity available to warrant the building of larger and longer pipe lines. In the circumstances, I think we in this house must be concerned with the economy of Canada as a country rather than the economy of any one province. I think we in this house must take the long view of this matter and act in the best interests of Canada.

Then we are told of course that this matter can be left to the board of transport commissioners; that in the final analysis they will judge whether this company should get permission to build that pipe line or not. It is the duty of the House of Commons, and not that of the board of transport commissioners, to decide what policy is in the best interests of Canada. The promoters who came before the committee assured us that, as far as the board of transport commissioners were concerned, the one thing they would have to be assured of was that the company was financially capable of building that pipe line, and that there was a market available for the gas they were to supply.

There is no question about the board of transport commissioners' responsibility in determining policy. That is not their responsibility. If we in this house grant a charter to this company, then the concern of the board of transport commissioners is to see that the company is financially capable of doing the job for which the charter was granted. It is our responsibility here to decide whether we want one or a dozen charters granted. It is our business here to decide whether we want one province served at the expense of other provinces, because it is quite evident that the building of this pipe line and the supplying of natural gas to Manitoba will delay the building of the larger pipe line which would service Ontario and Quebec.

We here are to make the decision as to whether that particular procedure is in the best interests of Canada, or whether it will be better to withhold the transportation of Alberta gas to the province of Manitoba until such time as there is a quantity available to service eastern Canada.

Mr. Johnston: Alberta will decide that.

Mr. Noseworthy: Alberta will decide when and in what quantities natural gas shall be exported. I doubt whether we in this House of Commons should throw upon the government of Alberta the responsibility of deciding which of those companies granted charters by the parliament of Canada should be chosen. It may well be that the province of Alberta, is ready to accept this responsibility, and would want to be free to make the choice. It may well be that Alberta would like to see a dozen of those companies chartered, and then the government of Alberta left to decide which of the companies should be given the right to build pipe lines to transport gas.

Nevertheless it seems to me that, if we are going to hand this over to private enterprise, it does become the responsibility of this parliament to decide whether we should continue to grant charters to every company coming before us asking for them. So far I know that every company that has appeared before parliament requesting a charter for the building of a pipe line has been granted that charter. I fail to see the point of granting many of these charters and, in this particular instance, I can see good reasons for refraining from granting the charter.

Mr. McIvor: It has not been my custom to take it upon myself to correct the mistakes of another. But when it is denied that I moved a motion in committee, and that motion was carried, that fact stands denied. I did move an amendment to section 6 where that section states that the pipe line would go through Saskatchewan, Manitoba or outside of Canada. This was my amendment, as it is found at page 111 of the proceedings of the standing committee on railways, canals and telegraph lines:

> Mr. McIvor moves that paragraph (a) of clause 6 be amended by inserting after the word "lines" in line 23 thereof the words: "provided that the main pipe line or lines for the transmission and transportation of gas and oil shall be located entirely within Canada."

And then the report continues:

> All those in favour? Those against?
> I declare Mr. McIvor's amendment carried.

I admit that after my amendment was recorded, another similar one was placed on the record and that I voted against it. Why should I not? My amendment was the first offered. And, Mr. Chairman, I am not very particular whether this pipe line goes to Winnipeg or whether it does not. But I want to stick to the facts, and I want to have credit only for what I did. I thank the hon. member for giving me this opportunity to speak.

Mr. Green: Mr. Chairman, the hon. member is obviously referring to what I said the

other night. I have before me the proceedings of the committee, and at page 74 I find this:

> Consideration was resumed from April 8, of Mr. McIvor's motion that paragraph (a) of clause 6 be amended by inserting after the word "lines" in line 23 thereof the words: "provided that the main pipe line or lines for the transmission and transportation of gas and oil shall be located entirely within Canada."

It was clearly set out in committee that the company could get around any amendment like that simply by turning its gas over to an American subsidiary at the boundary. And then we find this in the record of proceedings:

> Mr. Nickle moved in amendment that the following words be added thereto: "and that the words 'or outside Canada' in line 15, and the words 'and/or international' in line 19 thereof, be deleted."

And then the report goes on to state that after division and the question having been put on the said amendment—that is, the amendment by the hon. member for Calgary West to the amendment of the hon. member for Fort William—it was negatived. Then we find that the hon. member for Fort William voted against that amendment, which would have struck out power to do anything outside of Canada.

Mr. Johnston: Mr. Chairman, I do not pretend to be an authority on pipe lines or oil production, but I have heard a good many speaking in the house with respect to this bill who I do not consider are great authorities, either.

The hon. member for Fort William made reference to an amendment which referred to an all-Canadian route. As I said at the opening of my remarks, I am not an authority on the subject, but from the standpoint of principle I have no hesitation in saying that I think a line should be built on an all-Canadian route provided it is economically possible, feasible and desirable.

There may be times, particularly when passing through mountainous country, when it is not economically sound to build a pipe line by an all-Canadian route. This depends upon the location of the main line of the route. I think there has been a good deal of confusion on the part of some of our socialist friends in advocating a publicly owned pipe line, and the public ownership and control of gas and oil. It was not long ago when the minister of natural resources in Saskatchewan came to the conclusion that any government—and I suppose he included both provincial and federal—would be foolish to risk the money of a province in the development of oil. He came to the conclusion that a province might easily and readily go bankrupt if it spent the people's money in the development of oil properties, or if it proceeded in drilling operations and struck one or two dry holes.

I hear a C.C.F. member behind me saying that he was a sensible man. I think he was, when he came to that conclusion.

Mr. Gibson: But it took him a long time.

Mr. Johnston: Yes, a long time and a rather expensive experience. But people do learn after a period of time.

You know, I am amused when I hear members from Ontario pleading for Alberta gas, and saying that all Canadians should have a prior right to that gas. Let me state again a general principle: I think that, in principle, Canadians should come first. I think that, in principle, Canadians—even those from Ontario—should have access to Alberta gas, first. But I think, too, that it is a mighty poor rule that does not work both ways; make no mistake about that. I never knew Ontario to go out of its way to help Alberta, Saskatchewan or British Columbia, but I have known them to do the very opposite. As a matter of principle I think Canadian rights should come first.

Mr. Charlton: What about the $65 million?

Mr. Johnston: Why, you stole over $148 million from us. What is the matter? Ontario has been getting the advantage of cheap freight rates from the west ever since confederation and the west has been paying for them. When the Turgeon commission was investigating freight rates I did not hear of any Ontario members who came before it and said, "all Canadians should be treated equally." I have not heard any Ontario member get up in this house and say the same thing. But I have heard them get up and say, "We want some of this cheap Alberta gas to develop our industries in Ontario so we can run industry out of the prairie provinces." They did not say that last part; I just put that in as a parenthesis.

Personally I have no objection to the granting of this charter. I have every confidence in the Social Credit government of Alberta because they have shown in the past that they can handle this problem. Their first concern is that Alberta shall have a sufficient supply to last for fifty years.

An hon. Member: Thirty years.

Mr. Johnston: They changed that.

An hon. Member: The Liberals say fifty years.

Mr. Johnston: The Liberals have not made up their minds whether they want public or private ownership of gas in Alberta. The

province of Alberta has made it quite clear that they do not intend to export gas, except in case of emergency, before Alberta's supplies are assured. They did permit the export of gas to Montana, I think at the request of the Minister of Trade and Commerce (Mr. Howe).

An hon. Member: He said no.

Mr. Johnston: I understand he wrote a letter requesting them to make an early decision as this gas was needed for defence purposes. Whether that is literally true or not—I think it is in effect—they have allowed the export of gas to Montana to assist our war effort. That was a proper thing to do. If a great emergency should arise I think it should be given first consideration, and so it will be given first consideration by the people of Alberta.

So far as I can see, the more companies that get charters the better bargaining position Alberta will be in. It has been stated that these companies are applying for charters so that they can bargain them off later at high prices. That is the way business works; that is the way the oil companies are working; that is the way private industry works. That may not be a good practice—I am not arguing that point at all—but actually it does not concern us provincially.

Only one or two companies at the most will get charters, but it will be Alberta that will state how much gas will be exported and when. I understand the provincial government has taken steps to see that the collecting of gas within the province is done by a provincially chartered company. In that way every individual, every group of individuals and every company will be treated alike. The gas will be collected and brought to a central point and then the companies holding charters for export can carry the gas to whatever destination they have in mind.

British Columbia is also anxious to get Alberta gas. I make no bones about saying that I think British Columbia industry should be served before Ontario industry as far as Alberta gas is concerned. That province is a neighbouring province and it will be only a matter of a few weeks before they have a Social Credit government.

Mr. Noseworthy: You are an optimist.

Mr. Johnston: I always look on the better side of things. The next province that should benefit from our oil and gas resources is Saskatchewan.

Mr. Argue: We have gas.

Mr. Johnston: That is true, but you are not making very much progress in developing that resource. I am convinced that Saskatchewan has as much oil and gas as Alberta, but under the present administration private industry has not been encouraged to go ahead and make the necessary development as has been the case in Alberta. That will probably occur in time.

Then I think Manitoba has the next right, and after that Ontario and Quebec. I do not think we need worry about the development of gas or oil in Alberta and their export. That province will be able to take care of those matters very efficiently. I would be loath to see any export of gas from Alberta until our own requirements are taken care of. Then my view is that British Columbia and Saskatchewan should have the next right of access, and then Manitoba. If we have enough left I would even go so far as saying that Ontario should have some, although they have never done very much for western Canada. I think I shall vote for the bill.

Mr. Murphy: Mr. Chairman, I am glad to have this opportunity to follow the last three speakers, with whom I entirely disagree. Being an Irishman I can safely take that stand and back it up. I was amazed to hear the last speaker say that Ontario should not receive Alberta gas—

Mr. Johnston: I did not say they should not.

Mr. Murphy: —until—

Mr. Johnston: That is better.

Mr. Murphy: —someone in Alberta sees fit to decide that the pipe line company which is incorporated is permitted to take Alberta gas. Let me tell the hon. member who just resumed his seat that I come from Ontario.

Mr. Gibson: Don't apologize.

Mr. Murphy: I hear the hon. member for Comox-Alberni say something. I still wish he would get a constituency which a white man can pronounce. When I hear a statement like that made by a member from Alberta I wonder if he realizes where the money came from that created the oil potential they have in that province.

Mr. Johnston: It did not come from Ontario, do not make any mistake about that.

Mr. Murphy: As I recall what happened in the last few years in Ontario, in Canada and in this house, I remember that Imperial Oil Limited spent about $30 million in Alberta before they struck oil and gas.

Mr. Johnston: That is not Ontario.

Mr. Murphy: It happens that that company has its head office in Ontario and its refinery

in my city. I do not want to hear this chirping from my left that Ontario has made no contribution to Alberta. The hon. member should go back and find out just who it was that developed Ontario with respect to oil and gas.

Mr. Johnston: Not Ontario.

Mr. Murphy: Alberta. I hope I did not make any mistake in that. There are different aspects to this matter but I have not sufficient time tonight to develop them all. I think as Canadians we all share in the natural resources of this country whether they are found in Newfoundland, Alberta, Ontario or any other place. As administrators for the people of the Dominion of Canada I think it is up to us to see that those resources are developed for the benefit of Canadians generally. Since I came to this house I have never taken a provincial attitude with respect to the development of natural resources, nor can I recall that many other members have. Unfortunately there are a few occasions when we find provincialism.

An hon. Member: In this house you have got to stand up for yourself.

Mr. Murphy: I am one who rather resents such provincialism in a country like Canada which is now coming into its own in no small way. With respect to the natural resources of any province, we must concede that the particular province concerned possibly has rights over and above those of the neighbouring provinces. I appreciate the attitude of the government of Alberta in endeavouring to keep within its control and at its disposal sufficient gas to last them over a period of years. However, I do not believe, and I do not think there are many people in the province of Alberta who share the opinion, that they can have their cake and eat it too. I think I share the opinion of most members of this house that it is to the advantage of the province of Alberta to export gas and oil.

I think that the people of this country must make it known to our friends to the south that so far as traffic and trade in these two most vital of our recently discovered natural resources is concerned there must be some mutual understanding which heretofore has not appeared on the surface. I think that in a diplomatic manner it must be made quite plain to the authorities on the other side of the line that we would like to do business in oil and gas with the United States but that we resent the tariff imposed against our oil entering the United States. Up until the discovery of oil in Canada we had to import practically all our oil requirements, and I regret to say there are people on the other side of the line who seem to think that they should still be supplying us with all our oil, and who also certainly hold the opinion that no Canadian oil should go into the United States in spite of the fact that for years we have been buying practically 100 per cent of our oil requirements from that country.

I think it is time for our government and the government of the United States to discuss these very important questions. We now find ourselves supplying the state of Montana with some 10 billion cubic feet of Alberta gas per year under a five year contract. I do not think any member of the house has any doubt in his mind as to the extension of the contract when the first five year term expires. It is true that the gas is being exported for defence purposes, and as a member of the team we are justified in endeavouring to see that any defence requirements of our allies that we can fill are supplied without hesitation. At the same time I cannot help but think that we are entitled to a little more consideration so far as two-way trade is concerned with respect to a product so vital to the economy of both countries.

I come from western Ontario where a small amount of Texas gas is obtained. I know we have great difficulty in securing our requirements. We were supposed to get some 5 billion cubic feet per year, and at the present time I think we are only getting 2½ billion cubic feet per year. After all is said and done, I am one of those—and I hope that many share the same opinion—who believe that if we are prepared to export 10 million, 15 million or 20 million cubic feet we in turn should be placed in the position where we can obtain a like amount from the United States to be used in areas where the use of that gas would be cheaper to consumers than to bring it from the province of Alberta.

Section stands.

Progress reported.

SUPPLY

The house resumed consideration of the motion of Mr. Fournier (Hull) for committee of supply.

DECLINE IN HOUSING CONSTRUCTION

Mr. George H. Hees (Broadview): Mr. Speaker, I should like to object most vigorously to the way in which the government is handling, or perhaps it would be truer to say mishandling, the present housing situation.

The number of houses started in the years 1948 to 1950 inclusive remained constant at about 94,000 units per year. In 1951 the

number of new houses started was 72,000. That is a reduction of 24 per cent during the past year.

No less a person than Mr. Mansur, president of the Central Mortgage and Housing Corporation, has estimated that the number of new houses which will be built during the present year will be between 55,000 and 60,000 units. That means that today we are building 42 per cent fewer houses per year than we were building two years ago.

Why has there been such a sharp reduction in the number of houses built last year, and which are being built this year? I believe it is due largely to the abolition of the one-sixth mortgage loan provision of the National Housing Act.

According to the minister's own statement, as recorded on page 70 of *Hansard* for February 5, 1951, the abolition of the one-sixth mortgage loan made it necessary, a year ago, for a prospective purchaser to increase his down payment on a five-room minimum house by about $1,000, and a purchaser of a six-room minimum house by about $1,500. Because of the increase in housing costs during the past year, these increases in down payments are at least $1,250 and $1,800 today.

According to the latest report of the Central Mortgage and Housing Corporation, an income of at least $3,300 is required to meet the debt services on a minimum house today. I should like to quote from that report as follows:

> On the assumption that an average family cannot afford more than about 23 per cent of its income for shelter, the average prospective homeowner in 1950 required a gross income of about $2,700 to purchase a new minimum house. By the end of 1951, family income of about $3,300 was required to meet the debt service on a similar house.

An income of considerably more than $3,300 is required before the money now required for down payment can be set aside. Because of the abolition of the one-sixth mortgage loan, it is generally agreed that a man must earn at least $5,000 a year, for at least five years, in order to set aside the $2,500 or more which is now required as down payment on a minimum house. This means that people whose incomes are less than $5,000 a year are virtually excluded from buying a new house. This defeats the very purpose of the government's existing housing legislation.

If shortages of materials, caused by our defence program, made necessary a reduction in the number of houses built, then the sacrifices should have been shared as evenly as possible by all social groups. To impose restrictions which made it impossible for those with incomes below $5,000 to buy new houses, and to impose no restrictions whatsoever on those with larger incomes, was completely unfair and unjust. It is a clear case of rationing by the purse.

What has made the situation even worse is that the 200,000 immigrants, whom the government is bringing into the country each year, largely come within the low income group. These people must be housed, and they have simply increased the housing pressure on those who have had new housing denied to them.

And now, what is the situation today? When the government abolished the one-sixth mortgage loan on February 5 of last year, the Minister of Resources and Development said that the government was taking this step to conserve building materials needed for the defence program. The situation today was described by Mr. Mansur's statement that, although there were some limitations upon new residential starts because of shortages of certain types of building materials, this difficulty no longer exists, and he did not believe that, except in very isolated instances, the lack of building materials would play any part in limiting the amount of new residential construction in 1952.

In other words, the reasons which the Minister of Resources and Development cited to justify the removal of the one-sixth mortgage loan, have now disappeared. However, the government persists in denying new housing to those with incomes of less than $5,000. This unjust and unfair discrimination against those who need housing most must be removed immediately.

In the interest of those for whom housing accommodation is most needed, I would ask the government to reconsider its position with regard to its one-sixth mortgage loan arrangements, which it discarded to meet conditions not now existent. In this way, the housing legislation of this country can be made more immediately effective, and brought back in line with its original intent and purpose.

In addition to the large number of people who want to buy a new house, there are many whose greatest need is good rental housing at a reasonable rent. The answer to this problem is the low rental housing project, in which the three levels of government participate in the cost.

In Toronto we have a very excellent example of this kind of housing, in the Regent Park project. Toronto needs at least six of these projects, and I hope that, now that the province of Ontario has taken over the 7½ per cent of the cost formerly borne by the

municipalities, Toronto and many other centres will undertake these projects on a large scale.

I hope that other provinces will follow the example of Ontario in assuming the full 25 per cent of the cost, formerly shared by the province and municipality. This relieving of the municipalities of their share of the cost should make it easy for many centres to undertake these low rental housing projects. I believe that they are the only answer to the housing problems of a very large number of Canadians.

Mr. John Hunter (Parkdale): Mr. Speaker, the subject of housing is one in which I have always had considerable interest. It was actually not my intention to speak on it at this time, but after listening to some of the speeches which I have heard on housing, and, I say with some generosity, to the superficiality of what has been said on the subject, I think it is time for a little plain speaking on this subject. The hon. member for Broadview (Mr. Hees) has stated that the abolition of the one-sixth additional loan by Central Mortgage and Housing last year was a great error. Who knows, perhaps it was an error. But we all know why it was done. It was done because it was considered at that time there was a shortage of building materials, and that those that were available were necessary for the war effort. If that was wrong, it was an honest mistake and it was quickly remedied.

Now, at the time we had this one-sixth additional loan, the lending value which was used was highly fictitious and very conservative. When we returned into the larger mortgage field after the abolition of the one-sixth mortgage loan, we adopted a more realistic attitude. From October last when the new method was introduced it was an 80 per cent loan based on the selling price and not on the lending value, and 90 per cent for war workers based on the selling price and not on that fictitiously low lending value. Since that time, we have had much greater loans than we ever had before. As a result, the down payments have been decreased on these small houses that come within the category covered by this loan.

I think it should be pointed out also—few people seem to realize it today—that when the dominion government came into this field they came into it gratuitously and to help the Canadian people, not because it was a field they were constitutionally obligated to enter. It was a field that involved property and civil rights—a field which every provincial government, if they are honest, must acknowledge as their sole responsibility. But in view of the fact that they were not carrying out that responsibility, the federal government entered into it in 1935 and has continued to this date. And when they are in it all they can do is to provide financial assistance, because we have not the legislative jurisdiction over property and civil rights. We have made that money available, in large quantities, and with the co-operation of the provincial government, under section 35 of the National Housing Act, almost anything can be done under that section.

I would point out, Mr. Speaker, that at this moment if there is one government in this country that has almost completely failed to take any part under section 35, it is the one Conservative government in Canada today in the province of Ontario.

I would point out that last year the attorney general of the province of Ontario made a large announcement that they were going to enter into a scheme with the federal government under section 35 of that act. At that time it was pointed out that they were going to build, I think it was, 10,000 housing units through the province of Ontario which would be given on a population basis throughout the province. At that time, I believe, on the population of the city of Toronto we were entitled to 500 units. It was pointed out that they would be erected on what have been for many years—and still are —the rifle ranges at Long Branch, Ontario.

At the time that announcement was made, anybody who knows anything about the rifle ranges at Long Branch knows that that was an unfortunate statement and, I may say, a misleading one. It has been well known that the Long Branch rifle ranges which are in the township of Toronto are not being given up by the Department of National Defence until the township of Toronto finds some other place which is equally suitable and hands it over to the Department of National Defence. It was known at that time that no such lands had been found, that no such deal had been made; that, if such a deal were made, it could not be made within a year or two; and that the 500 houses which were so glibly published as being on our doorstep had no possibility of being built there for at least a year or two years. I venture to say, Mr. Speaker, that we shall probably never see them on that site.

In every other way the province of Ontario has been very co-operative verbally. Their co-operation has consisted in appointing a housing administrator. I believe that he has an assistant and two stenographers. They have gone into this business in a large way. They have insisted that they are interested

in housing, and that they are doing everything possible to help us in housing. To date their interest has been extremely volatile and extremely verbal.

Aside from this provincial responsibility which everybody knows exists, and which the provincial government of Ontario has completely and utterly failed to meet, I should like to go into some of the real problems of this housing question. Many of us know what these problems are and they are not just glib talk about the abolition of the one-sixth. There are three main problems, and everyone knows them who knows anything about the building game. The first is the availability of mortgage money. The second is the relationship of lending value and sale price; and the third is the availability of serviced land. Those are the three problems that face anybody who knows something about the matter; I am not professing at all to know everything about it, Mr. Speaker, but I have some slight knowledge of the subject, and I say, with the greatest of deference, that such knowledge does not appear to have been demonstrated in some speeches that I have heard.

These problems must be faced honestly and clearly; they must be faced not with confusion, not with prejudice, but clearly and honestly. The first problem is the availability of mortgage money. The availability of mortgage money is something which depends largely on the lending institutions. The lending institutions are the institutions which have money available, in the same way as has any company depending on the money which comes into their hands through the payments largely of insurance premiums and through the availability of funds from the other securities which are not deemed as suitable at that time as the mortgage loans appear to be for their investment portfolio.

We all know that the insurance companies and various lending institutions have large holdings of government bonds. We all know that the government bonds have gone down in value, and that if the insurance companies are to have large amounts of money to invest in mortgage loans they have to liquidate these bonds at a very considerable loss.

I hold insurance policies as, I presume, does every other member in the house. I am sure that the policyholders of these insurance companies are not anxious to have these companies liquidate their bonds at a loss in order to get into the mortgage field when other fields are equally or more profitable and attractive.

Today on mortgages the lending institutions can get 5½ per cent. On many of the investments in municipal bonds and debentures and commercial bonds and debentures today they can get 4½ per cent. Today it is a well-known fact that these National Housing Act loans are expensive to service. There is a great deal of servicing in connection with them. In most lending institutions the cost of that servicing is something over one per cent. Accordingly it is simpler for them to buy these bonds yielding 4½ per cent, and it is slightly more profitable for them to do so.

It may be that, as a matter of public duty, the lending institutions of Canada should get into the mortgage field, perhaps in a larger way. Maybe they owe that duty to the people of Canada, but it is not a public service that they owe to their policyholders. In fairness to the lending institutions—and I hold no brief for them—I think it must be stated that most of them are in that field and are making as much mortgage money available for this purpose as is consistent with their financial position.

It must be remembered that during the days of 1949, 1950 and 1951 when they were putting out mortgage money in a large way, they were not putting it out from current revenues alone but were putting it out from current revenues and the conversion of government bonds and other securities into cash in order to make it available for mortgage money. To date they are limited, by reason of the fall of many of their investments in value, to the current revenue coming in from their insurance premiums and other earnings.

I think that is a fair statement of the situation and I think we must face it. I do not think it is fair to ask the lending institutions to place money out at a rate of interest and in a manner which is less profitable to them than is some other manner. If we are going to face the problem honestly, we must acknowledge the fact that if we want them to get into it in a larger way we must be prepared to give them a larger guarantee.

I think we should also cover the relationship of the lending value and the sale price. I shall have something to say on that subject later but I would point out at this moment that we have, under the present regulations under the housing act a more realistic approach. Formerly 80 per cent of the value was calculated on what was called the lending value and that lending value was a fictitious lending value based not on a sale price but on a lower figure which was based on perhaps the sale price some years earlier. To date it is based on actual sale price; and a builder who builds, under this act, certain types of housing with certain sizes of loans, depending on the types of housing

involved—they are all 80 per cent loans except those for war workers which are 90 per cent—knows that when he sells that property at a price which is controlled under the National Housing Act by Central Mortage and Housing Corporation, he is going to get an 80 per cent advance on that actual sale price. It is a much more realistic approach and, I think, a much better one. As I say, I shall a little later have something to suggest in that behalf.

I think one of the most difficult and one of the main problems today—I think it is probably the most important problem today—is the availability of serviced land. In all of the larger urban localities the serviced land has been used. There is practically no serviced land available for housing. By serviced land I mean land that has been serviced with water, sewers, schools and that type of thing. There is just nowhere for people to build on serviced land.

It is a fact well known by builders and others who are acquainted with the subject, that housing subdivisions are not self-supporting in so far as the cost of schooling is concerned. Simply by placing the normal rates of taxes on this housing, the municipality immediately incurs much greater debts and much greater obligations by reason of the costs of schools which will have to be erected in order to meet the needs of the families which come into that housing division.

No municipality today which has had any experience in this field is very anxious to allow large housing subdivisions to be placed within its confines unless at the same time it is getting a fairly large proportion of industry to cover the additional taxation for schooling. So that today, before you can file a plan and get the serviced land in most of the municipalities—I am talking about urban municipalities at this point, Mr. Speaker—you must go to elaborate lengths before getting approval from the planning boards in Ontario, or if there is no planning board in the municipality, from the department of planning and development. You must put in the roads yourself; you must put in the water yourself; you must put in the sewage yourself; you must put in sewage disposal plants yourself; in some cases you must underwrite the cost, or part of the cost of the school building. You have to donate the land for the public and separate school; you have to donate so much land for park land, and it goes on and on; and the restrictions become greater all the time, and the cost greater. It has reached the point today that a small builder has practically no chance of getting serviced land, unless he is fortunate enough to be able to get some from some land servicing group. Therefore we are entering into the period when it is the large builder, the large scale builder, who is able to service sufficient land and therefore build enough houses to get enough profit out of them to make it worth his while.

House building today is a very large scale business. It is not the small builder who is doing the work today. If one looks at the number of builders operating in any municipality today he sees that the number has been cut at least in half, and sometimes down to one-third, simply because there is not enough available serviced land to build houses. And the big builder, when he finally goes through all this, complies with all the restrictions, all the regulations, all the necessities, the enormous expenses of filing a registered plan and getting permission to go ahead to build, is not too anxious to sell this land to the smaller builders, because his profit is going to be made not just by servicing the land and selling his serviced land, but by building on it and getting his profit out of the houses to be erected on it. That is one of the great problems today. I may say that that problem has not been met, very definitely has not been met, and it cannot be met until the provinces carry out their duties.

The duty of the province is definitely to assist municipalities to a much larger extent on the question of schooling. The question of schooling is something that today is not being faced, I know, in my own province—I am not so sure how it is being faced in other provinces. I know that in Ontario the provincial government has resolutely refused to face the question of the cost of schooling in the municipality, and until they are willing to face it, they are going to have this continued problem of the lack of serviced land, because the municipalities are definitely not going to permit land to be serviced within their municipalities for housing to any large extent until they get some additional help from the province in meeting the cost of schooling. I put that out because everyone who is in this building business, and anyone who has anything to do with it, is well acquainted with these problems, and realizes that while the dominion government can make money available, they are not in a position to service land themselves without the co-operation of the provinces and of the municipalities. We all know that under section 35 of the National Housing Act the dominion government has made available for servicing land and for building on that serviced land 75 per cent of the cost thereof, and all that the province has to put up is 25 per cent, and with the

help of the municipalities they can split that up into whatever proportion they care to make it. That money is available there; the act is there, but it is very rarely used in Ontario, because the Ontario provincial government has resolutely and steadfastly refused to face that problem.

I have a couple of suggestions which I would like to make to this house. I think we have reached the point in the progress of this country when it may well be that the time has arrived to face the question of housing on a somewhat different basis. It may be that at this time we must recognize that housing has raised grave social implications. We all know that housing has grave social implications, the question of the standard of living, juvenile delinquency, marital happiness, health and other factors are involved in bad or inferior housing. These are things which I am sure the Minister of National Health and Welfare (Mr. Martin) is aware of, and I am sure that he would be enthusiastically in favour of anything that would be possible to remedy that condition. As I say, the time may now have arrived, although by reason of the defence effort it may be that we shall have to postpone it for some time, but I would suggest that with the enormous prosperity in this country, and our very high national income, we should certainly consider at this point whether the time has not arrived when we shall have to take a somewhat different approach to the question of housing.

I suggest that we might arrive at it from the opposite approach and decide not so much what the lending value will be but how much the down payment will be. I know that in the United States that has been done in some areas under their F.H.A. Perhaps their down payment is too low. It may be that when the person purchases in the United States under the F.H.A. he has not a sufficient stake in that property to guarantee that he will look after it and give it the necessary care and attention which it really needs. I therefore suggest that the down payment which we have in this country should be somewhat higher than theirs. I would suggest that the time has come to consider whether instead of a mortgage loan, we should consider that the down payment should be fixed at the sum of $1,000. I know that in the United States it has been suggested that this is $400 or $500. I would hesitate to endorse that lower down payment, because I am afraid that people might think it was merely a cheap rental over a period of time, and take no responsibility for the property. But even with the $1,000 down payment, I would suggest that you would still have to take some precautions and change the terms of your mortgage so that you would then have much greater protection for the lending institution or the Central Mortgage and Housing Corporation. If you are going to have the $1,000 down payment, it may well be that you will have a certain number of people who will regard the property as very cheap at that price, with those low payments and low carrying charges, and you may find that they will regard it as something that they can give up at any time and move out. I would therefore suggest that there should definitely be a provision in any mortgage containing supervisory powers. Supervisory powers should be contained in the mortgage. If you are going to have a house sold on that small down payment, Central Mortgage and Housing Corporation and/or the lending institution should have the power to supervise that property, keep it in repair if the owner fails to do so, and add the additional cost thereof to the principal of the mortgage.

Let me give you an example. If after two or three years the painting is bad, and the house needs painting, the lending institution or the supervising authority should certainly have the power to go in there and request that it be painted, and if it is not painted, paint it themselves and add the cost of the painting to the mortgage and have it amortized over the monthly payments for say two years.

These are suggestions I put forward. I do not think they are entirely unfeasible. I think eventually we are going to have to reach a different approach to the problem. It may be that the time has not arrived, but it is certainly time for considering it, with our national economy at an all-time high today.

I have another suggestion to offer. It is that we get out of the first mortgage field entirely; that is, Central Mortgage and Housing Corporation, and get into the second mortgage field. I suggest that the first mortgage field be left for the lending institution, which will then lend up to 60 per cent of the value of the property, and that Central Mortgage and Housing Corporation encourage or discourage housing by the increasing or decreasing of the size of the second mortgage. There would be one advantage in not changing the position of the lending institutions. They would still be operating in their normal way at all times; whereas with changes in the National Housing Act from time to time the lending institutions, until they get accustomed to these changes, have a tendency to drop out of the field and then gradually come in again.

These are the suggestions which I put out. Just one final word, Mr. Speaker; I would suggest that when we face this problem we face it honestly and without prejudice. There are many things to be said in favour of the lending institutions. They are probably subject to more criticism than they should be. Nobody suggests for one moment that the Central Mortgage and Housing Corporation has been entirely perfect in its thinking, in its philosophy, and perhaps in its administration of the National Housing Act, and the other acts which it administers. But I think in fairness to Central Mortgage and Housing Corporation it must be said that they have done a very excellent job, on the whole. I think in fairness to the lending institutions it should be said that they have given great co-operation. If there is some criticism to be made, then it must be of the provinces, which have failed to live up to their responsibilities.

Mr. J. W. Noseworthy (York South): Mr. Speaker, I have listened with great interest to the hon. member for Broadview (Mr. Hees) who laid the blame for our housing shortage at the door of the federal government, and with equal interest to the hon. member for Parkdale (Mr. Hunter) who shifted the blame to the provincial government in Ontario.

The fact remains of course that whether it is the fault of the provincial government or that of the federal government, we need houses and we are not getting them. The fact remains that the housing policy of the federal government needs reviewing in the light of present-day needs and present-day circumstances. It seems to me that, regardless of what Ontario has or has not done in the matter of housing—and I hold no special brief for the government of Ontario—the situation has developed today to a point where the federal government should revise the policy which directs Central Mortgage and Housing Corporation.

In an earlier speech I pointed out that particularly during the last year the two most serious obstacles in connection with housing were lack of serviced land and lack of mortgage funds. I realize of course that the provision of serviced land is a matter for the province and the municipalities. I realize, too, that the three-way agreement between the federal government, the provincial government and the municipalities for the acquisition and servicing of land is just not working. It just is not getting the land. It is not making it possible for municipalities to proceed with building on a large scale. I pointed out that the provision of water, the provision of sewers, streets, sidewalks, fire protection, parks, playgrounds and especially education, which the building of a large number of houses in a comparatively short space of time places upon a municipality, is a burden that most municipalities cannot bear.

A housing authority is reported in the press only this week as saying that three of the townships in the Toronto suburban area would go bankrupt within a few years if they continued to build homes without at the same time securing industrial development. His advice was that, to save themselves from bankruptcy, those townships must call a halt to the building of homes until such times as more industries have moved into those townships so as to assist in carrying part of the municipal tax burden the citizens of the townships must bear.

Some assistance must be given to the municipalities by the federal or provincial governments. Either some way must be found of relieving the municipalities of some of the burden they are now called upon to bear in the matter of education and social services, or those municipalities must be provided with a larger share of the tax income. I realize that this comes within the jurisdiction of the province. I feel nevertheless that because housing is of such national importance it becomes the duty of the federal government to show some leadership and to take some initiative in getting together with the provincial and municipal governments to see if some way cannot be found out of this difficulty.

It is said by authorities that the housing situation today is hampering our defence effort. It is certainly retarding production within the provinces and affecting the whole social structure of our society. The housing situation is of such importance that in my opinion the federal government, if it is to carry out its duty to the Canadian people, should assume the responsibility of getting together the governments at the three levels with a view to working out some solution to this problem whereby houses can be provided for those who need them.

This government has persisted in refusing to contribute anything to the ordinary public and secondary school systems within the province. It insists upon leaving that burden for the province and the municipalities. But it also leaves with the municipalities another responsibility that, in my opinion, is the direct responsibility of the federal government; I refer to the matter of taking care of the unemployed employables.

During the last winter we had in Toronto and its suburbs large numbers of unemployed

employables. The federal government refuses to accept any responsibility for these people, beyond the payment of unemployment insurance. When unemployment insurance ceases, and in those cases where it is not sufficient to enable a man with a family to get by, this government washes its hands of the matter. The provincial government says that it is not its responsibility, but that it is the responsibility of the federal authorities. The result is that the municipality is left with the burden. It has no choice but to accept the responsibility. The provincial and federal governments are far enough removed from those who are in need that they can afford to remain callous to the demands made. The local municipal council is on the spot. It must either provide assistance for those people, or see them hungry or in debt. In the latter instance, where they are obliged to go into debt, local businessmen have to assume the burden.

If this government still refuses to assist in the matter of education, then I say it could assist in the housing situation, so far as suburban municipalities are concerned, if it would assume responsibility for the unemployed employables who occupy these new houses but who, in many cases, become unemployed and do not have unemployment insurance. I say again that in this matter of providing serviced land and the further matter of getting the municipalities to work with the provincial and federal governments, it becomes the responsibility of this government to show some leadership and to arrive at some arrangement whereby the municipalities will be able to bear the load thrown upon them by reason of the building of these houses.

The second serious obstacle to the building of houses during the past year has been the shortage of mortgage funds. Granted that the houses which are built under the National Housing Act are built for the upper third income group, granted that seventy per cent of our people are not receiving sufficient income to warrant the purchase and the carrying of the cheapest houses built under the National Housing Act, nevertheless if builders could satisfy the present market for houses that can be built at today's prices there would be some relief in the housing situation. As I say, the bottleneck has been the lack of mortgage funds. Mr. Mansur in his report for 1951 says:

> Experience in 1951 and the prospects for 1952 suggest that sources of mortgage funds in Canada may not be great enough to sustain a long term annual rate of housing starts at the level of 1949 and 1950.

Then he goes on to say:

> If for social reasons an annual housing program equal to or greater than those accomplished in these years is a requirement then it may prove necessary to find additional sources of credit to be made available for mortgages on new residential construction.

I do not think anyone doubts for one moment that for social reasons we need an annual housing program in this country at least as great as that which was carried out in 1949-1950. As a matter of fact most housing authorities are agreed that if we are to meet the actual needs of the people we should have an annual building program greater than the program which was carried out in 1949. There just is no question on that point, that for social reasons we need such a building program.

Since mortgage funds are not available from the insurance companies or the lending institutions there is only one other source. While Mr. Mansur does not mention that additional source there is no doubt that it is either the federal or the provincial government, or both. The fact that there is a shortage is borne out by the statistics contained in the report which indicates that the number of national housing loans in 1951 were 14,918 as compared with 33,934 in 1950. Those 33,934 loans in 1950 were for 42,280 units; in 1951 the loans were for 19,903 units only. In 1950 the mortgage loans amounted to $284,500,000; in 1951 they amounted to $123,700,000. I think those figures indicate that Mr. Mansur is right in insisting that some additional sources of credit must be made available in order to maintain the annual building program required to meet our needs.

I think there is ample evidence that there is still a market for houses that can be built with the assistance of National Housing Act loans. There is still a market for houses costing $8,000, $10,000 or more. There appears to be no great shortage of labour or materials and it would appear that there is still a considerable amount of serviced land available for building. I know personally of one builder who has serviced land available on which to build 400 houses. He has been held up for two years because the lending institutions are no longer interested in lending money under the National Housing Act. There are other builders across the country who have serviced land available for building, but that building is being held up chiefly because no mortgage funds are available from the lending institutions.

Whether or not that shortage of mortgage funds is genuine, whether or not it is a shortage artificially created by the lending institutions in order that they may squeeze more profit out of the present housing emergency, I am in no position to say. But certain it is that the lending institutions today

are no longer interested in lending money in sufficient quantities to meet the housing needs of our people under the terms of the National Housing Act. Certain it is that they are not particularly interested in lending money under the National Housing Act to an extent that will maintain a building program of 100,000 houses a year.

It should be borne in mind that when the government set up its housing authority and undertook to guarantee or to secure the lending institutions against loss on money lent for purposes of building, the government provided an outlet for money which the lending institutions did not know what to do with. In the first place the government gave the lending institutions every opportunity to provide that money and build the houses that were needed on their own initiative. Back in 1944 I think the lending institutions set up their own company known as Housing Enterprises Limited. When the finance companies ran into difficulty with their own venture, when they ran into debt, when they found they were unable to build houses at a profit, Central Mortgage and Housing came to their rescue. The government took over that enterprise at a cost of many millions of dollars and rescued the financial institutions from the difficulty into which they had got and Central Mortgage and Housing Corporation is carrying on that enterprise.

Today when those same financial companies find that there are other investment fields more profitable than the building of houses they are just no longer interested. The fact that the nation needs houses means very little to those lending institutions. The government has increased their interest. The government has stepped up the amount of security provided, and I think has made every reasonable opportunity to induce the finance companies to make money available for houses. I think the government has gone much further than it should in seeking to placate the finance companies and to induce them to provide the necessary funds. We have reached a stage now where, as was said by the hon. member for Spadina (Mr. Croll), the lending institutions have vacated that field. To all intents and purposes they have either refused or have been unable to provide the necessary funds to meet the necessary housing program. I think it is high time that the government itself undertook to lend money directly, certainly in communities with over 5,000 population.

As a matter of fact the former president of the national housebuilders association, Mr. Mager, is reported to have said that the insurance companies are attempting to regulate the amount of housing to be built in any one area of Canada. According to a report in the Ottawa *Journal* of April 8, 1952, he said that the insurance companies even tell them what materials they can use despite what is laid down in the national building code. Then he went on to say that the attitude of the lending institutions amounted to contempt for the government and the building industry generally.

I think if you take that in conjunction with the lobby that the insurance companies carried on last fall when amendments to the Government Annuities Act were before a committee, and the subsequent withdrawal of the measure in compliance with the insurance companies' lobby, one is justified in asking to what extent the insurance companies of Canada control not only Central Mortgage and Housing Corporation but government policy itself. Certainly as far as housing is concerned the hands of Central Mortgage and Housing Corporation are tied by government policy, and government policy is working in the interests of the insurance companies rather than in the interests of the hundreds of thousands of people who need houses.

I ask you, Mr. Speaker, what good reason is there why hundreds of thousands of home builders or buyers should be forced to pay insurance companies 5 per cent interest when the government advances the taxpayers' money to these same insurance companies at 3½ per cent? What good reason is there except the benefits that accrue to the insurance companies? Why should Central Mortgage and Housing Corporation and the Canadian taxpayers have to rely on these companies for mortgage funds? Cannot a government, which can raise $2 billion for national defence, also raise the few millions that will be required to institute and maintain an adequate housing program? Where is the need for the taxpayers of Canada to continue to pay tribute to the Caesars of the insurance world when their own government can provide money for everything else needed by way of services except housing? I submit there is a great need for radical revision of the government's policy both in the matter of direct loans for the building of houses and in the matter of co-operation with provincial and municipal governments with respect to the building of low-cost rental housing.

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

DEPARTMENT OF DEFENCE PRODUCTION

79. Departmental administration and payments to Canadian Commercial Corporation and other corporate agencies for services provided in connection with defence purchasing and production, $7,332,492.

Item stands.

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

57. Departmental administration, $244,046.

Item stands.

DEPARTMENT OF FISHERIES

141. Departmental administration, $294,900.

Item stands.

DEPARTMENT OF JUSTICE

173. Departmental administration, $338,505.

Item stands.

Progress reported.

CANADIAN FORCES ACT

DISCIPLINE AND ADMINISTRATION—COURTS MARTIAL—PENSIONS, SUPERANNUATION, ETC.

The house resumed, from Wednesday, May 7, consideration of the motion of Mr. Claxton that the house go into committee to consider the following resolution:

That it is expedient to introduce a bill to amend the National Defence Act to effect certain changes respecting the discipline and administration of the forces and to provide that persons who commit grave breaches of the Geneva conventions of 1949 may be tried out of Canada by court martial; to amend the Defence Services Pension Act to provide that the total emolument, by way of salary and pension, payable to a pensioner who is employed as a civil servant may be adjusted in accordance with current rates of pay and allowances of the forces and to provide that members of the forces who are otherwise eligible for pension may be permitted to count periods of full-time reserve service of a continuous duration of six months or more for the purpose of determining the amount of pension; to amend the Civil Service Superannuation Act to enable a person who served overseas with the Royal Canadian Navy during the second world war otherwise than at sea to count such service for the purposes of the Civil Service Superannuation Act notwithstanding that the time for election to count such service has expired; and to amend the Senate and House of Commons Act to make the provision respecting the eligibility of servicemen to sit as members of the House of Commons consistent with the provisions of the Canada Elections Act.

Mr. G. R. Pearkes (Nanaimo): Mr. Speaker, this resolution introduces a bill to amend four different acts, the National Defence Act, the Defence Services Pension Act, the Civil Service Superannuation Act and the Senate and House of Commons Act. I stated when the debate was last adjourned that it seemed to me to be an unreasonable and unsatisfactory method to introduce amendments to four different acts all under the title of one bill, the Canadian Forces Act, 1952, as the minister intimated it is to be called. My objection to that method is that with amendments to four different measures it might be that exception would be taken to one while the other three would be perfectly satisfactory. One would be in the predicament of having to oppose the bill when introduced although one might agree in principle with three of the amendments. The fourth one might not be considered sound and satisfactory. However, that is a procedural matter and I presume that the government has decided to go ahead with that method. I hope it will not become a practice in the future.

Now, regarding the National Defence Act amendment, I understand that will be to provide for the punishment of those who may commit offences against the Geneva conventions, particularly against prisoners of war and injured who have been captured by the enemy. From the minister's remarks I was not quite clear as to who was going to be responsible for the punishment of the offender, because in his remarks he said "regardless of nationality". I do not know whether the punishment will be awarded by some international court or whether it will be awarded by the nation whose servicemen have been captured, and against whom any atrocities may have been carried out. The minister will explain that when speaking, either on the bill or in closing this debate.

I should like to say a few words concerning the amendments to the Civil Service Superannuation Act. I have no comment to make about the amendments to the other acts. Regarding the Civil Service Superannuation Act, it has always been a problem for the retired serviceman to find employment when he has completed his service. Quite frequently his previous training has made his services very valuable to various other departments of the government. Having been in the government service for years, he not unnaturally likes to continue in the public service. Of course, if he has gone into industry, companies have offered to pay for his services according to the value that they may have placed upon them, exactly the same way as provincial and municipal governments do when employing a pensioner.

But for many years the federal government has said that the service pension, plus the remuneration that the pensioner will receive from whatever department he is working in, could not exceed the amount of the pay and allowances that the man received on retirement without affecting his service pension. In the past that applied not only to warrant officers but also to non-commissioned officers and men. This limitation was removed a few years ago so far as non-commissioned officers and men were concerned, but it has remained applicable to officers and warrant officers. I think the amendment that is being introduced is certainly a step forward in the right direction. In view of the fact that service pay has been raised because of the increased cost

of living, the pay of the pensioner will not now be considered as that of the day of his retirement but the pay of the present day. At least, that is my interpretation of the resolution.

I want to point out that I consider that is a step in the right direction, because in the past hardship has existed for pensioners. I should like to put on the record extracts from a letter which I received from a man who served for many years in the old permanent force as a non-commissioned officer, and who subsequently received his commission. I believe this is a typical case. He says:

> The most I can draw as a civil servant is $1,550 per annum which, at present, is all taxable to the extent of approximately $280 per annum leaving a net of $1,270. My pension was taxed another $90 making a total tax for 1949 of $370.
>
> I have had to refuse two or three raises from the civil service—statutory increases—even on as low a grading as clerk 2A, as well as the first cost-of-living increase, which might have been granted, including the proposed present increase still pending. If I had accepted them the equivalent amount would have been deducted from my pension.

That letter was dated in February, 1951. The situation in respect to that pensioner will have improved if this amendment is adopted. But I am going to offer the suggestion that we may now remove all the limitations. As it is now, the amendment will work in favour of the higher ranks, whereas the warrant officers, lieutenants and captains who retire will not have the same advantage as those in the more senior ranks. Take the position, for instance, of a captain who retires. His pension, according to whatever length of service he may have, would be based on $389 a month, which is now the pay and allowances of a captain. On the other hand, if a brigadier retires his pension would be based on $930 per month. It is quite obvious, therefore, that the increases would react far more favourably upon the officer in the senior ranks.

You may say that possibly there would not be many junior officers retiring. The class of man who retires as a lieutenant or as a captain would be one who had spent most of his service in the ranks and who had been promoted at the end of his service. He would not have had the opportunity of rising to the more senior ranks. Anyone who retired as a colonel or brigadier or a corresponding rank would have gone in as an officer and throughout his whole service would have been drawing a higher rate of pay. The man in the junior rank would not have had the opportunity of saving as much as the man in the more senior rank. While this amendment will better the conditions of retirement as compared with those which have existed heretofore, I wonder whether the time has not come when we can recognize the fact that we have removed the limitation so far as the non-commissioned officers and men are concerned; we are practically removing the limitation so far as the senior ranks are concerned, and in so far as the warrant officers and junior commissioned ranks are concerned, it seems to me we still have a limitation.

If the services of the individual are of value to the civil service, surely the time has come when the civil service can well afford to pay the price for the services which are rendered. I merely ask the minister to give that suggestion consideration before he introduces the bill; and possibly he might see his way clear to remove all restrictions and allow the individual—be he soldier, non-commissioned officer, captain or whether he be in a more senior rank—to receive the pay which the civil service would grant any other individual, without affecting his pension.

May I put it this way. Bear in mind the fact that if he went into civilian life, or if he found employment with a municipal or provincial government, his pension then would not be affected. This provision is placing the junior commissioned ranks and the warrant officer rank at a disadvantage, although I admit quite frankly—and I am pleased to see it introduced—that it is an improvement on the existing system.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I just say a few words? I am sure we have all listened with interest to the points that have been raised by the hon. member for Nanaimo (Mr. Pearkes), particularly the matter which he was discussing in the closing part of his remarks. I hope that attention will be paid by the minister to the case that the hon. member has made.

I wish also to support the position taken by the hon. member for Nanaimo when he suggests that the government might give further consideration to its method of amending legislation affecting the Canadian forces. Despite an excellent overhaul of the National Defence Act only a few sessions ago, it appears that each session as we meet there are further amendments to be made to the various statutes that affect the Canadian forces.

In addition to the difficulty cited by the hon. member for Nanaimo in connection with this method of having one bill to amend several pieces of legislation, it seems to me that there is also the difficulty that arises in the future as to the problem that will confront those who will look for the complete statute

in respect of any one of these matters. It seems to me that those who are wanting, for example, to know what is the up-to-date version of the Senate and House of Commons Act or the Civil Service Superannuation Act will be a bit puzzled to discover that, amongst other places, they have to look in amending statutes known from time to time as the Canadian Forces Act. I feel that there is posed by this situation a problem which is not solved by this method.

The hon. member for Nanaimo expressed the hope that this pattern would not be followed in the future. This is at least the second time when it has been done. Last year we had a similar bill—I believe it was called by the same name, the Canadian Forces Act—which amended not four or five pieces of legislation but quite a number—seventeen or nineteen—of the statutes of Canada. That was the bill with regard to which we got into a bit of a quarrel with the other house concerning the form of those amendments. The bill as introduced into this house was drafted in rather brief form. The hon. members of the other place thought it should be in much more extended language and they amended the bill accordingly.

I will not pursue the matter further at this time, Mr. Speaker. It is one which involves as well the whole question of what happens to bills like this when the revised statutes are prepared. I simply suggest that further thought might be given to what is the best way to amend a number of statutes in which one department is interested, both from the standpoint of being fair with the house and from the standpoint of being able to find this legislation after it gets on the statute books.

Mr. Ray Thomas (Wetaskiwin): Mr. Speaker, I do not intend to make any detailed statement with regard to the bill at this time. I will save that until the bill is before the house. However, I should like to add my voice to those of the two hon. members who have just taken their seats, and who have made an argument for not including in the one bill the amendments to four separate acts. It seems to me that to do so will cause confusion not only at the present time but in the future. As the hon. member for Winnipeg North Centre (Mr. Knowles) said just a few moments ago, in the revised statutes it is going to cause a certain amount of trouble and any further amendment to this act is certainly going to be a bit complicated.

Possibly the minister has a reason for this procedure; I do not know. It would appear to me, however, that if it is followed it is going to make it rather awkward for the members of the house, when the bill is before us, to vote either for or against it, if there is anything in there that we do not like. Half of the amendments might be acceptable to us, or possibly all but one of the amendments might be acceptable to all of us; but we would have to vote against the bill and against what we might consider to be desirable amendments in order to attempt to defeat one clause or article in it.

It seems to me that it would have been much better all round if the minister had brought down these amendments in four separate pieces of legislation.

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

Hon. Brooke Claxton (Minister of National Defence): Mr. Chairman, I do not think hon. members of the committee would want me at this stage to reply at length to the observations that have been made by the hon. members who have taken part in the discussion. However, I should like to say a word or two with regard to points that have been raised. First of all, with regard to the form of the bill, this is the third year in which a bill of this kind has been introduced. The National Defence Act was adopted in 1950 as an omnibus statute, for the first time since 1868 incorporating in one act all legislation with regard to defence, bringing it up to date and providing a uniform disciplinary code applicable to all three services. Naturally that legislation involved a good many consequential amendments to other statutes. By the time that act was put into effect I think there were some—the hon. member for Winnipeg North Centre suggested a number, nineteen or something like that.

Mr. Knowles: Seventeen or nineteen.

Mr. Claxton: Seventeen or nineteen; I think that is at least so. We in the Department of National Defence considered, with the Department of Justice, how this should be done. Nineteen or more different bills—each having six stages, as they have through this house, changing the word "thus" to "so" and the words "non permanent active militia" to "reserve forces" would take some time if put in separate bills. We also had in mind the fact that now we have considerable forces in Canada and it is desirable that the amendments be put in a form which can be incorporated into their books of military law promptly and effectively. So I took the advice of the Department of Justice and of the judge advocate general and thought that the best way to proceed was to have one bill as far as possible each year relating to defence matters right across the board, just as we did in the enactment of the National Defence Act itself. We had bills and statutes in 1950

and 1951. So far it has caused no inconvenience to anyone that has been brought to my attention, and has caused a great deal of convenience to the armed forces, which now have one statute each year to which they can look if there is any amendment that year. I think that is a pretty important point.

With regard to the observation of the hon. member for Nanaimo about the Geneva convention, we propose to adopt a law which will enable us to impose the sanctions to carry out our part of the conventions, irrespective of where an offence may occur, and to take action in the courts of Canada.

Mr. Pearkes: On our nationals.

Mr. Claxton: Yes, that is right.

Mr. Pearkes: No other power will have the right to carry out punishment on our nationals.

Mr. Claxton: I think that is right.

With regard to the final point relating to limitations on the salaries that may be obtained in the civil service by retired officers and men of the armed forces, as I said the last time that this resolution came before the house, this restriction does not apply to men; it applies only to officers. As it stands today the provisions of section 4, subsection 12 and section 52 of the Defence Services Pension Act, restrict an officer or warrant officer pensioner, appointed to the civil service, to that part of his pension which, when totalled with his salary, will not exceed the pay which he was in receipt of at the date of his retirement. The proposal here is to increase the ceiling so that he will get a salary and pension which combined will total his pay and allowances at the time of that date, not the date of his retirement.

The hon. member for Nanaimo has suggested that we should remove all limitations. That might be desirable from many points of view. Here I should like to pay a tribute to people like Rear Admiral Stephens who, after a long life of service in the navy, has worked for several years in a very senior and responsible position in the department, advising on labour relations. He himself rose from the lower decks and has done a most useful job for what must, after the deduction of income tax, amount to something like $2,500 a year over and above what he would have got from pension. That kind of case demands our full sympathy and consideration. But on the other hand Admiral Stephens, or someone in his capacity who retires at his seniority, if carried on in the department in a civilian capacity, would be entitled to something like the pay, position and responsibilities of an assistant deputy minister, let us say $10,000, $11,000, $12,000. His pension after 35 years' service and more was something like $6,000. With his pay and the pension of such an officer he would be getting $16,000 or more than the deputy minister or chiefs of staff. In other words, he would be profiting very substantially from his retirement, though continuing in the service of the same government department. That would not be a desirable thing. On that account it has not been the general policy of the government to treat civil service salaries and salaries received from private employers in the same way for the reason I have stated, and I do not see how else you could deal with it.

On the other hand, we think it is quite unfair that, in view of the increases in the pay and allowances of officers of the armed forces, he should not at least be entitled to draw from his combined pension and salary in the civil service up to what he would have been entitled to draw had he continued in the service and had advantage of the pay increase. So that, as the hon. member for Nanaimo said, this marks a step in the right direction, and I must say that the advisers of the government do not see how we can go any further in this direction without making it profitable for some officers to retire and take up positions in the civil service, if we are to enjoy their service.

What we want to do is to have officers serve as long as they can usefully serve in their service capacity. Then if they have qualities and capacities which are useful to the service of Canada in a civilian capacity, enable them to have a fair recompense for work which, while it may be inadequately paid for, is something they want to do.

Mr. Pearkes: I am not quite certain whether I made my point clear or whether the minister did not quite get the essence of what I was trying to explain. I feel that while these amendments are good—and I approve entirely of the assistance which is being given to the rear admiral, who is still employed—I do not quite see the necessity of keeping a stricter limitation on the man who retires with a junior rank. The warrant officer has a stricter limitation placed upon his earnings, because at the date of his retirement, or at the present time, the pay of the rank of a warrant officer, of course, is not as high as the pay of the rank of an admiral. The pay of a captain is not as high as the pay of the rank of a colonel or a brigadier, and the limitation on the earnings in the civil service are based upon the pay of the rank at the present time. It is an improvement when it is based on the pay of the

rank on the date of retirement; but why should not the retiring warrant officer or the retiring captain, or whatever the junior rank may be, have the same opportunities of earning the same amount of money in the civil service without affecting his pension, as the more senior ranks? I was asking for an equitable limitation, not one which was based entirely upon rank. I do suggest that it could be overcome by perhaps putting on a ceiling, or something in the nature of a fixed amount, or perhaps by removing the limitation altogether. But under the present system we are perpetuating a disadvantage which has been in existence for years in respect of the more junior ranks. As I said, it affects the more junior ranks particularly, because the man who retires from those ranks has probably served as a non-commissioned officer for most of his time, and only been recently promoted to, shall we say, a warrant officer or a captain, and has not had the opportunity of building up a reserve, which the officer retiring from the senior ranks would have.

I would ask the minister to give consideration to seeing whether it is not possible to find a way in which the limitation which will be imposed will be equitable on both the junior and the senior ranks.

Mr. Low: I had not intended to speak on the resolution at all. If I were to do so it would be only with superficial knowledge. However I am struck with the form of the resolution, and I am seeking more information as to why it was presented in this form. Here we have lumped together half a dozen resolutions in what could be described as one omnibus piece of legislation. It is such a radical change from the usual form of resolution preceding a bill that I think we should be satisfied that it is a good form to follow before we proceed with it.

I listened to the brief explanation given by the minister, and I am not sure that I understood all of it. If I remember correctly the minister said that, after they are passed by the house, the amendments will be inserted in service books or records by the servicemen, and he thought that if they were in this form the servicemen could interpret the amendments readily. If I were a serviceman I would hesitate to try to untangle a bill with as many facets as this one appears to have.

I am wondering if there is not some other reason behind the form this has taken. The reason might be to avoid the necessity of bringing before the house five or six, or perhaps more, different resolutions preceding bills. That may be; and perhaps it would be a proper way to save time. But I want to be sure that when we attempt to save time we do not get ourselves so confused that we will be like the centipede who, when he was asked how he knew what foot to put down first when he attempted to move, began thinking about it; and the more he thought about it the more he got tangled up, with the result that he could not move without falling down.

We may be reaching that point. I wish the minister would go a little deeper into his explanation of the form of the resolution. Thus far I am not satisfied.

Mr. Claxton: I have little to add to what I said before. There have been many demands from various quarters to organize the business of the house. That is not my responsibility. But I think it is easy for members to see that if all the technical amendments relating to national defence can be brought forward at one time, then they can be dealt with at one time by the hon. members who are especially interested in defence. Also when we reach the committee stage the technical officers of the department—the judge advocate general, and other officers—can be here to give assistance. All of them would not have to wait to go through five or more different bills, either at the same or at different times.

It seems to me this procedure makes sense, from the point of view of the proper conduct of the business of the house; and it also makes sense from the point of view of the armed forces, because we have then each year one bill relative to the armed forces. It is tied into the loose leaf copy of the National Defence Act, without any difficulty at all.

Our experience in having this done this way in the previous two years, has not created the slightest difficulty.

Mr. Low: In what form will these amendments to the bills be inserted in the loose leaf book?

Mr. Claxton: They will be loose leaf amendments cut off and tagged in.

Mr. Low: Each portion will be tagged into its own particular act?

Mr. Claxton: Yes.

Mr. Low: But the acts in the loose leaf book are of course separate?

Mr. Claxton: Yes.

Mr. Knowles: I should like to ask a question which may be technical, but perhaps the minister can answer it. In the case of the rear admiral whose pension would have been $6,000, but who on going to work in the

minister's department ends up with a total emolument of $10,000, on what funds are those amounts drawn? Does he get the entire $10,000 from the funds of the department as civil service pay, or does he get $6,000 pension and $4,000 civil service pay?

Mr. Claxton: I am subject to correction in the answer I make, because I have never had the question raised before. My view is however that he gets his pension from the defence services pension fund to which he has contributed. Then he would receive the balance of his pay from the department. However I should like to check on that before giving a final answer.

Mr. Macdonnell (Greenwood): I should like to ask a question arising out of what was said a moment ago. Do I understand that when this bill passes it has the effect of amending the Defence Services Pension Act, the Civil Service Superannuation Act, the Royal Canadian Navy Act, and so on? When someone looks up one of these other acts, how does he have notice, unless he has an annotated copy? Are those amendments carried into the other acts, or do they rest solely in the measure we are now going to pass? In other words will amendments be made to the Defence Services Pension Act by this measure? How does one who picks up the Defence Services Pension Act know that this amendment has been made?

Mr. Claxton: In the same way, and only in the same way, as he would know that an amendment has been made to any statute—either through reading the statutes passed each year, from the first chapter to the end, and making the necessary corrections, or by looking at an index. The index carries references to separate statutes.

Mr. Macdonnell (Greenwood): That is not a complete answer because, as a matter of fact, in the case of most statutes, an office copy can be brought up to date, showing what has happened in each year.

Mr. Claxton: Where there are consolidations bringing the acts up to date they carry the amendments.

Mr. Knowles: Let us take the case of the Canadian Forces Act, 1951. I believe there was one in 1951. Let us assume, and I think this is the case, that the Revised Statutes of Canada now in the process of being printed will include the Canadian Forces Act, 1951. Will the Canadian Forces Act, 1951, appear in the Revised Statutes of 1952 as a statute by itself or will it be distributed among the dozen, fifteen or seventeen different statutes which it amended?

Mr. Claxton: Distributed.

Mr. Adamson: Will this bill affect our relations with United States forces stationed in Canada?

Mr. Claxton: No.

Mr. Adamson: I wondered whether it was the intention to amend any of those regulations.

Mr. Claxton: No. We have an act relating to visiting forces which is applicable to the United States and which was enacted in 1947, if I recall correctly. At the last session we enacted legislation applicable to the forces of the North Atlantic treaty nations. That second act permits the government to change the effect of existing statutes applicable to visiting forces. No other legislation is proposed.

Mr. Adamson: Those statutes have been before the house several times and amended?

Mr. Claxton: That is right.

Mr. Pearkes: The minister stated that the amendments to the National Defence Act will provide for penal sanctions and the bringing of offenders, regardless of their nationalities, before our courts. Supposing an American did commit one of the offences contemplated against the Geneva convention, if that were possible, would he be tried before a Canadian court or a United States court?

Mr. Claxton: That is a matter having to do with the provisions of the bill. I have several pages of notes here, but I would prefer to answer that when the bill is brought down. I think it would make it more intelligent.

Resolution reported, read the second time and concurred in.

Mr. Claxton thereupon moved for leave to introduce Bill No. 224, respecting the Canadian forces.

Motion agreed to and bill read the first time.

EMERGENCY GOLD MINING ASSISTANCE ACT

EXTENSION OF APPLICATION TO YEARS 1952 AND 1953

Hon. George Prudham (Minister of Mines and Technical Surveys) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to extend the application of the Emergency Gold Mining Assistance Act to the years 1952 and 1953 and to clarify the provisions of subsection five of section three so as to provide for the assistance intended when this subsection was enacted in 1951.

He said: Mr. Speaker, with your permission I should like to make a very short statement. I say a brief statement, because

the matter of assistance to the gold mining industry was thoroughly discussed in this house less than a year ago, and I believe all hon. members are quite conversant with the subject.

On December 24 last my colleague, the Minister of Finance (Mr. Abbott), announced that legislation would be sought at this session of parliament to continue the Emergency Gold Mining Assistance Act for a further period of two years, that is, for the calendar years 1952 and 1953.

It is well known that the gold mining industry has faced and is facing real difficulties as a result of rising costs and a fixed price for the industry's product. The government has been aware of this and for the past four years has met this situation by a cost-aid system under the Emergency Gold Mining Assistance Act.

In October 1951 gold producers were given access to premium markets for industrial gold. A number of mines took advantage of these arrangements and are continuing to do so. But this new outlet did not solve the problem of the higher cost mines. With costs continuing to rise, very serious consequences would face the industry should the cost-aid terminate at the end of 1951.

As I stated last year before this house, I hold that much of Canada's future growth is bound up in the development and colonization of our northern country, and gold mining is still the pioneer industry in opening northern Canada for development. It is therefore important that the life of these northern and western communities, the forerunners of our Canadian northward development, be safeguarded.

The bill which it is now proposed to introduce in this house is to provide for the extension of the Emergency Gold Mining Assistance Act to the calendar years 1952 and 1953 on the same basis as the 1951 formula. The bill will also clarify the application of the formula for cost-aid in respect of the last quarter of 1950 and of the years 1951, 1952 and 1953.

The hope is hereby expressed that this extension of the act for two more years will encourage and assist the gold mines in meeting the continued high costs of production, and will be of benefit to those communities partly or wholly dependent upon them.

Mr. Rodney Adamson (York West): Mr. Speaker, there are a number of hon. members besides myself who wish to speak in a somewhat extended manner on this resolution. As the time still remaining would not permit me to complete my remarks this evening, I should like to move the adjournment of the debate.

Motion agreed to and debate adjourned.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): I move the adjournment of the house. Tomorrow, if the Minister of Mines and Technical Surveys (Mr. Prudham) is in the house, we will continue with this resolution.

Mr. Macdonnell (Greenwood): Will he be?

Mr. Fournier (Hull): The second item would be the resolution to ratify the convention on the prevention and punishment of genocide; then Bill No. 210, to provide for carrying into effect the treaty of peace between Canada and Japan; then Bill No. 93, to amend the Export and Import Permits Act; then Bill No. 195, to amend the Government Employees Compensation Act, 1947; Bill No. 193, respecting the New Westminster harbour commissioners; and Bill No. 196, to amend the Supreme Court Act. As I mentioned last night, none of these measures are controversial and they should not take very much time.

Mr. Fleming: Not so far, anyway.

Motion agreed to and the house adjourned at 10.50 p.m.

HOUSE OF COMMONS

Wednesday, May 14, 1952

The house met at three o'clock.

ANIMAL CONTAGIOUS DISEASES

PRIVILEGE—FOOT-AND-MOUTH DISEASE—REFERENCE TO PRESS REPORT

Mr. E. D. Fulton (Kamloops): Mr. Speaker, I rise on a question of privilege. I wish to refer to a matter which affects the rights and privileges of all members of this house. A telegram which just reached me this morning advises me of a news dispatch as appearing in the Vancouver *Sun*. It reads in part as follows:

> The following dispatch appeared in the Vancouver *Sun* appearing Ottawa date 13 begins:
>
> Dr. E. Christie, federal veterinarian told the parliamentary foot-and-mouth disease investigators today that most people in Saskatchewan feel the investigators are wasting a lot of time. The only dissatisfaction appears to have come from politicians in Ottawa, Dr. Christie states. Ends.
>
> In view of the grave anxiety felt throughout all of Canada at this terrible scourge it is disgraceful that any official should make such a statement and the seriousness of the matter should be squarely put before the minister of that department and a public withdrawal instantly made.

Mr. Speaker, I am not a member of the agriculture committee but I have checked and I find that such a statement was made there. There are two respects in which the privileges of this house have been affronted in connection with this statement. The first is that it is suggested that a group of members of this house investigating one of the most serious situations ever to confront the agricultural industry of Canada and seeking to arrive at the facts surrounding the outbreak of that disease should have been accused of wasting time.

The second way in which the privileges of this house and of the members of parliament are involved is that this statement, outrageous wherever it might come from, comes from a civil servant, an official of the department under investigation in that committee.

In view of the seriousness with which this matter is viewed by the agricultural industry throughout Canada and the necessity of the fullest possible investigation by this house, I feel that that statement should be withdrawn, that the minister himself should require from the official who made it a withdrawal, and should further make it perfectly clear that the statement made does not reflect the official attitude of the government or of the minister. Unless the minister takes that course, the only conclusion we can come to is that the minister himself and, through him, the government condone this affront to the position of parliament and to the urgency of the inquiry.

Mr. Pouliot: Did you remove the mote from your eye?

Mr. Fulton: That is another of your empty-headed statements.

Right Hon. J. G. Gardiner (Minister of Agriculture): Mr. Speaker, I am sorry that my hon. friend did not give me any intimation that he was going to raise this question, as is the usual custom.

Some hon. Members: Oh, oh.

Mr. Gardiner: But first on the matter of privilege, as the minister of the department I should like to suggest to him that there is not any reason for repeating what has been said quite often by members of the opposition, namely that the Department of Agriculture is under investigation. That is not the fact. As a matter of fact, we have had certain correspondence placed before the house and before the committee, we have had that correspondence referred to the committee on agriculture, and there has been some discussion on the question. In so far as Dr. Christie is concerned, he is to all intents and purposes no longer a civil servant. He was given superannuation leave as of the 1st day of April, so that he is now giving service—

Some hon. Members: Oh, oh.

Mr. Gardiner: —he is now giving service to the people of the Dominion of Canada that is no longer required of him by employment.

Mr. Rowe: Giving it free?

Mr. Gardiner: Yes, to all intents and purposes free. He is on the period of release that all civil servants have, as of the 1st day of April, and is drawing pay up to a certain date; but he is not required under any engagement to the people of this country to be there at all. He has been serving since the 1st day of April, and even before that, simply because of his long service in the department. Dr. Christie began his service in 1910, and has been constantly with the department from 1910 to the present. He is leaving on superannuation, or is already

entitled to leave on superannuation, but is simply staying there helping with this job because of his long experience in it.

Now, someone asked him a question in the committee and he answered. It was not a government representative who asked it. He answered that question as to what he himself believed was the attitude of the people in Saskatchewan, and the opinion that he expressed was his own. I have not any reason for saying it was wrong. Judging from what I know, I think it was very correct. I do not know just what I would punish him for, if I had any way of punishing him, since he is no longer really a civil servant but doing this job for us in the manner in which he is. I do not know that there is any action which I can take in the matter. I thought the committee itself was satisfied yesterday that they had heard the best evidence from Dr. Christie that they have heard from anyone who has appeared before them. He did not come as a result of our suggestion that he should be there; it was suggested by the opposition members of the committee that Dr. Christie ought to be called.

I knew he was on superannuation leave now, and was not insistent on his doing anything in any particular, but Dr. Christie came on call and he gave his evidence, and I do not think it comes in very good form from those who insisted on his being there now to be exhibiting so much opposition to the man whom they wanted to hear, simply because he did not say what they thought he was going to say or what they thought he ought to say. He told his story, and told it in a straightforward way; he answered all questions asked him, and as a matter of fact I think everyone was pretty well satisfied then with the answer that my hon. friend has referred to.

Mr. Fulton: The Minister of Agriculture has indicated that—

Some hon. Members: Order.

Mr. Fulton: I am pursuing the question of privilege.

Mr. Deputy Speaker: I cannot allow a debate on this question of privilege. The hon. member for Kamloops rose and said that he wished to put forward a question of privilege, and he stated his question of privilege. He asked that the minister give a reply. That reply has been given by the minister. The minister answered the points which could be replied to in the House of Commons. It seems to me that with respect to a matter arising from a statement which has been made by a witness in a standing committee, the proper procedure is to discuss the matter in that committee. The hon. member has said that he is not a member of that committee; but, as he knows, he has the right to be heard there if he makes the request, and I am sure the chairman will advise him of the meeting to attend when it is called, and he can discuss fully the matter of privilege there.

Mr. Cruickshank: I rise on a question of privilege.

Mr. Fulton: On a point of order with reference to this matter of privilege, may I direct your attention to citation 198 of Beauchesne's Parliamentary Rules and Forms, third edition, which reads:

> Scandalous charges or imputations directed against members of a select committee are equivalent to libellous charges brought against the house itself.

It is under that citation that I am raising this matter, and in my view the question of privilege put forward is still before the house and has not been dealt with in any way. Indeed, it has been aggravated by the answer of the minister, because he stated that he supported the stand of Dr. Christie.

Mr. Deputy Speaker: Order. I listened very carefully to the point of privilege as stated by the hon. member, and as I was listening to him I was examining as to whether or not it was a matter which could be raised here. In accordance with this citation he did make his point so that a reply in this house was forthcoming from the minister responsible for the department, the Department of Agriculture, in this instance. The minister has replied. What the hon. member has asked for is a reprimand to be addressed by the minister to the civil servant, and secondly for the minister to disagree, or declare it was not the policy of his department that was stated in the reply given to the committee by the witness referred to.

The minister has replied to these two points; therefore the hon. member should be satisfied with the reply given. He may not like the reply given by the minister; he may not agree with it; but I think the matter has been disposed of.

REPORTS OF COMMITTEES

RAILWAYS, CANALS AND TELEGRAPH LINES—EXTERNAL AFFAIRS—MISCELLANEOUS PRIVATE BILLS

Fourth report of standing committee on railways, canals and telegraph lines.—Mr. McCulloch.

Fourth report of standing committee on external affairs.—Mr. Bradette.

Fourth report of standing committee on miscellaneous private bills.—Mr. Winkler.

NORTH ATLANTIC TREATY

CONSTRUCTION OF AIRFIELDS IN FRANCE

Hon. Brooke Claxton (Minister of National Defence): I would like to announce that negotiations between the French and Canadian governments concerning the construction and the use of airfields in France by units of the Royal Canadian Air Force have recently been concluded. As a result of these negotiations, which have been carried out within the framework of the North Atlantic treaty, an airfield has been placed at the disposal of the Royal Canadian Air Force in the region of Metz. Construction of additional facilities is proceeding and tactical squadrons of the Royal Canadian Air Force will, I expect, occupy this airfield next fall. These squadrons will form part of the North Atlantic tactical air forces of central Europe.

Mr. Pearkes: Will the construction of that airport be carried out by the French government, or will the government of Canada deal directly with the contractors in France?

Mr. Claxton: It will be carried out for us by the French government, which will deal with the French contractors engaged.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 211, for the relief of Jeanne Antoinette Sophie Helena Kessler Meyer.—Mr. Winkler.

Bill No. 212, for the relief of John Stachyshyn.—Mr. Winkler.

Bill No. 213, for the relief of Theodora Dunska Williams.—Mr. Winkler.

Bill No. 214, for the relief of Marguerite Mary Winn Nelson.—Mr. Winkler.

Bill No. 215, for the relief of Irene Mary Johnson Muirhead.—Mr. Winkler.

Bill No. 216, for the relief of Roger Pilon.—Mr. Winkler.

Bill No. 217, for the relief of Winnifred Shirley Nice Perry.—Mr. Winkler.

Bill No. 218, for the relief of Ursula Runge Kniewel Fijalkowski.—Mr. Winkler.

Bill No. 219, for the relief of Bella Sybil Feinman Brenton.—Mr. Winkler.

Bill No. 220, for the relief of Vera Kathleen Martin Lightfoot.—Mr. Winkler.

Bill No. 221, for the relief of Helen Kouri Cumas.—Mr. Winkler.

Bill No. 222, for the relief of Cora Marguerite Blume.—Mr. Winkler.

Bill No. 223, for the relief of Marie Maude Louise Ladriere Cook Tooby, otherwise known as Marie Maude Louise Ladriere Cook-Salisbury Tooby.—Mr. Winkler.

QUESTIONS

FISHING INDUSTRY

Mr. Higgins:

1. What is the estimated value of the fishing industry in each province?

2. What is the estimated number of persons in each province engaged in the fishing industry?

Mr. McIlraith:

1. Estimated marketed value of production of the fishing industry:

	Thousands of dollars 1950	Thousands of dollars 1951
Newfoundland	30,000	29,000
Prince Edward Island	3,321	3,000
Nova Scotia	38,165	37,500
New Brunswick	18,053	19,320
Quebec	5,496	5,700
Ontario	7,034	8,000
Manitoba	6,791	8,000
Saskatchewan	1,360	1,500
Alberta	768	800
British Columbia	68,821	85,000
Northwest Territories	2,298	2,300
Totals	182,107	200,120

2. Number of persons employed in the fishing industry*:

	1950 Number	1951
Newfoundland	25,000	
Prince Edward Island	3,982	
Nova Scotia	20,396	Not
New Brunswick	15,246	
Quebec	9,600	yet
Ontario	3,886	
Manitoba	5,904	avail-
Saskatchewan	1,322	
Alberta	2,825	able
British Columbia	16,066	
Northwest Territories	671	
Totals	104,898	

*Includes persons employed in fish processing establishments.

NEW INDUSTRIES ESTABLISHED BY FOREIGN INDUSTRIALISTS

Mr. Higgins:

1. Have new industries been established in Canada within the past two years by foreign industrialists?

2. If so (a) in what provinces; (b) what industries have been established in each province; (c) what is the nationality of the promoter of each such industry?

Questions

3. Has financial assistance been granted by the provincial governments to such industrialists to establish the industries? If so, what is the basis of the financial assistance so provided?

Mr. McIlraith:

1. Yes.

2. (a), (b) and (c).

Information as to the nationality of the promoter in each individual case is not available. 'Origin' as shown in the following refers to the location of the non-resident firm involved.

Province	Industry	No.	Origin
Ontario	Food and beverages	6	U.K. (2); U.S. (4).
	Rubber products	2	U.S. (2).
	Textile products (except clothing)	2	U.K. (1); U.S. (1).
	Clothing (textile and fur)	1	U.K. (1).
	Wood products	6	Germany (2); Sweden (1); U.K. (1); U.S. (2).
	Paper products	1	U.K. (1).
	Printing, publishing and allied industries.	1	U.S. (1).
	Iron and steel products	39	Holland (1); Sweden (1); U.K. (13); U.S. (24).
	Transportation equipment	11	U.K. (3); U.S. (8).
	Non-ferrous metal products	8	U.K. (2); U.S. (6).
	Electrical apparatus and supplies	7	Germany (1); U.K. (1); U.S. (5).
	Chemical products	25	Australia (1); U.K. (2); U.S. (22).
	Miscellaneous manufacturing industries	9	Czech. (1); U.K. (1); U.S. (7).
	Non-metallic mineral products	1	U.K. (1).
Quebec	Food and beverages	4	Czech. (1); U.S. (3).
	Rubber products	1	U.S. (1).
	Leather products	1	Holland (1).
	Textile products (except clothing)	12	Belgium (1); France (4); U.K. (5); U.S. (2).
	Clothing (textile and fur)	7	Czech. (1); Hungary (1); Switz. (1); U.K. (1); U.S. (3).
	Wood products	3	Iceland (1); U.S. (2).
	Printing, publishing and allied industries	1	U.S. (1).
	Iron and steel products	13	France (1); Germany (1); Switz. (1); U.K. (5); U.S. (5).
	Transportation equipment	2	U.K. (1); U.S. (1).
	Non-ferrous metal products	4	Czech. (1); U.S. (3).
	Electrical apparatus and supplies	4	Switz. (2); U.K. (1); U.S. (1).
	Non-metallic mineral products	1	Germany (1).
	Chemical products	15	Germany (1); U.K. (2); U.S. (12).
	Miscellaneous manufacturing industries	3	Czech. (1); U.S. (2).
Newfoundland	Leather products	2	Germany (2).
	Textile products (except clothing).	1	" (1).
	Clothing (textile and fur)	1	" (1).
	Iron and steel products	1	" (1).
Alberta	Chemicals products	2	U.K. (1); U.S. (1).
	Miscellaneous manufacturing industries	1	Sweden (1).
British Columbia	Wood products	1	France (1).
	Transportation equipment	1	U.K. (1).
	Non-ferrous metal products	1	U.S. (1).
Nova Scotia	Food and beverages	1	Czech. (1).
	Iron and steel	1	U.S. (1).
New Brunswick	Printing, publishing and allied industries	1	U.K. (1).

3. No information available.

[Mr. Higgins.]

YUKON TERRITORY MILITARY RESERVE

Mr. Pearkes:

1. Has any action been taken to set aside an area northwest of Whitehorse, Yukon Territory, which includes some of the Kathleen lakes, as a military reserve?

2. If so, is the said area required for any other military purposes than as a leave or recreational centre?

3. Have any army buildings been moved from Whitehorse to the Kathleen lakes?

4. If so, are these buildings being used as fishing lodges?

5. If any buildings have been moved from Whitehorse to the Kathleen lakes, what was the cost of the operation?

6. If any cost was involved, was this charged against the department?

7. Are civilians prohibited from entering the area?

Mr. Blanchette:

1. No.

2. Not applicable.

3. No. However, two skid mounted huts, abandoned by road construction companies, previously engaged on work on the northwest highway system, were moved from the camp at Haines Junction to Kathleen lakes. It is intended to use these huts for recreational purposes for service personnel working on northwest highway system and otherwise engaged in the Yukon.

4. No.

5. $7.20.

6. Yes.

7. No.

H.M.C.S. "MAJESTIC"

Mr. Brooks:

1. Is H.M.C.S. *Majestic* now being overhauled and/or refitted?

2. If so, what company is doing this work?

3. If the above mentioned ship is not being overhauled or refitted at the present time, is it the intention of the department to have this work done in the near future?

4. If so, what arrangements are being made, and with whom?

Mr. Blanchette:

1. The Royal Canadian Navy has no ship of the name *Majestic* but it is understood that the question refers to H.M.C.S. *Magnificent*. H.M.C.S. *Magnificent* completed major refit and docking, exclusive of trials, on April 15, 1952.

2. The work was carried out under contract placed with Halifax Shipyards Limited, Halifax, N.S.

3 and 4. See answer to No. 1.

CONVICTIONS SET ASIDE BY HIGHER COURTS

Mr. Diefenbaker:

How many convictions for murder, by provinces, have been set aside by (a) courts of appeal; (b) the Supreme Court of Canada, since the first day of January, 1949?

Mr. McIlraith:

(a) CONVICTIONS FOR MURDER SET ASIDE BY COURTS OF APPEAL, CALENDAR YEARS 1949-1951.

—	1949		1950		1951*	
	Convictions Quashed	New Trial Directed	Convictions Quashed	New Trial Directed	Convictions Quashed	New Trial Directed
Newfoundland	Not available		Not available		—	—
Prince Edward Island	—	—	—	—	—	—
Nova Scotia	—	1	—	—	—	—
New Brunswick	—	—	—	—	—	—
Quebec	—	2	—	1	—	4
Ontario	1	—	—	1	—	—
Manitoba	—	—	—	—	—	1
Saskatchewan	—	1	—	1	—	—
Alberta	—	—	2	2	—	—
British Columbia	—	2	—	2	—	2
Totals	1	6	2	7	—	7

* Preliminary.

(b) CONVICTIONS FOR MURDER SET ASIDE BY THE SUPREME COURT OF CANADA, CALENDAR YEARS 1949-1951

—	1949		1950		1951	
	Convictions Quashed	New Trial Directed	Convictions Quashed	New Trial Directed	Convictions Quashed	New Trial Directed
.....	—	—	—	2	—	—

CONVICTIONS SET ASIDE BY HIGHER COURTS

Mr. Diefenbaker:

How many convictions for indictable offences, other than murder, have been set aside by (a) courts of appeal; (b) the Supreme Court of Canada, since the first day of January, 1949?

Mr. McIlraith:

(a) CONVICTIONS FOR INDICTABLE OFFENCES, OTHER THAN MURDER, SET ASIDE BY COURTS OF APPEAL, CALENDAR YEARS 1949-1951

	1949		1950		1951*	
	Convictions Quashed	New Trial Directed	Convictions Quashed	New Trial Directed	Convictions Quashed	New Trial Directed
Newfoundland	Not available		Not available		—	—
Prince Edward Island	—	—	1	—	—	—
Nova Scotia	2	—	—	2	—	2
New Brunswick	—	1	2	1	1	1
Quebec	9	5	12	1	11	4
Ontario	49	10	46	7	66	13
Manitoba	4	5	1	8	1	—
Saskatchewan	1	—	4	1	2	—
Alberta	15	2	12	7	4	7
British Columbia	7	7	23	15	29	8
Totals	87	30	101	42	114	35

* Preliminary.

(b) CONVICTIONS FOR INDICTABLE OFFENCES, OTHER THAN MURDER, SET ASIDE BY THE SUPREME COURT OF CANADA, CALENDAR YEARS 1949-1951

	1949		1950		1951*	
	Convictions Quashed	New Trial Directed	Convictions Quashed	New Trial Directed	Convictions Quashed	New Trial Directed
	1	3	1	—	—	1

* Preliminary.

ARMED FORCES—DESERTIONS AND ABSENCE WITHOUT LEAVE

Mr. Low:

With reference to the corrected table of increases and decreases in the Canadian armed forces (active) 1951, tabled by the parliamentary assistant to the Minister of National Defence on Tuesday, April 1: (a) how many desertions are included in the decreases of officers and men from the navy, army and air force; (b) how many officers and men in each service were absent without leave?

Mr. Blanchette:

(a) 3,133, of whom 1,214 returned to duty or were apprehended during the year and are included in the increases in the table, so that the net figure is 1,919.

(b) The offence of absence without leave covers absences as short as one hour and most cases are dealt with summarily.

[Mr. McIlraith.]

CANADIAN NATIONAL RAILWAYS—SHIPS FOR NEWFOUNDLAND SERVICE

Mr. Higgins:

1. Are new ships to be provided for Canadian National Railways, Newfoundland services?

2. If so (a) how many such ships are to be provided; (b) what will be the size of the ships; (c) when is it expected they will be placed in service?

Mr. Benidickson:

1. Yes.

2. (a) Two; (b) the vessels are to be built to the specifications of the S.S. *Bar Haven*, which has a gross tonnage of 1,138; (c) the contract for construction of the vessels has not yet been awarded. Delivery dates will not be known until details have been settled.

Note: In addition to the above coastal ships, construction is now proceeding on the auto-ferry vessel for service between North Sydney, N.S., and Port aux Basques, Nfld.

NATIONAL DEFENCE HEADQUARTERS PERSONNEL

Mr. Jones:

1. How many of the following ranks are employed at national headquarters in Ottawa: warrant officers, class 1, warrant officers, class 2, staff sergeants, sergeants, lance corporals, corporals, and privates?
2. How many officers are employed at army headquarters in Ottawa, and what is the number of each rank?

Mr. Blanchette:

1. Army personnel employed at army headquarters, Ottawa, Ontario, as of April 30, 1952:

Men	
Warrant officers I	45
Warrant officers II	80
Staff sergeants	92
Sergeants	164
Corporals	118
Privates	152
	651
Officers	
Lieutentant general	1
Major generals	3
Brigadiers	7
Colonels	28
Lieutenant colonels	79
Majors	169
Captains	160
Lieutenants	74
Second lieutenants	3
	524

ARMED FORCES—VEHICLES AND TIRES

Mr. Fraser:

1. How many (a) passenger automobile tires; (b) truck tires; (c) other type of tires, were purchased for the armed services during (i) 1950; (ii) 1951?
2. How many (a) passenger automobiles; (b) trucks; (c) other types of vehicles, were operated by the armed services during (i) 1950; (ii) 1951?

Mr. Blanchette:

1.	(i) 1950-51	(ii) 1951-52
	(a) 1,826	2,553
	(b) 10,392	7,751
	(c) 5,240	1,692
2.	(i) 1950-51	(ii) 1951-52
	(a) 899	1,209
	(b) 7,069	7,734
	(c) 4,734	5,001

WAR VETERANS ALLOWANCE—ALLIED SERVICEMEN AND WIDOWS

Mr. Balcom:

1. How many allied service men are receiving war veterans allowance?
2. What is the total disbursement?
3. How many widows of allied servicemen are receiving war veterans allowances?
4. What is the total disbursement?

Mr. Mutch:

Return at March 31, 1952:

1. 2,325 (includes also former members of Her Majesty's forces, other than Canadian forces).
2. $1,363,088.
3. 536 (includes also widows of members of Her Majesty's forces, other than Canadian forces).
4. $248,654.

QUESTIONS PASSED AS ORDERS FOR RETURNS

FEDERAL GRANTS TO ESQUIMALT, B.C.

Mr. Pearkes:

1. What grants, if any, were paid to the corporation of the municipality of Esquimalt, British Columbia, during the fiscal year 1951-52?
2. What was the purpose of these grants?
3. By which departments of the federal government were the grants made?
4. On what basis were the grants awarded?

TORONTO SUBWAY—QUESTION AS TO FEDERAL ASSISTANCE

Mr. Brown (Essex West):

1. Has the federal government contributed in any financial way to the establishment of the new subway now under construction in Toronto?
2. If so, in what amount, and over what period of time?

FOOT-AND-MOUTH DISEASE—COMPENSATION TO PACKING HOUSE WORKERS

Mr. Thatcher:

1. What representations, if any, have been made by the united packing house workers for compensation as a result of unemployment caused by the foot-and-mouth disease?
2. What compensation, if any, has been paid to packing house workers in the Regina and Moose Jaw districts?
3. What procedure has been set up for packing house workers to make claims for compensation?

GOVERNMENT OFFICIALS, MINISTERS AND CIVIL SERVANTS—TRAVEL BY AIR

Mr. Diefenbaker:

1. How many cabinet ministers, government officials, and civil servants travelled by T.C.A. since the first day of January, 1951, on official business?
2. What is the total of expenditure paid or incurred in such transportation?

MOTIONS FOR PAPERS

FOOT-AND-MOUTH DISEASE—U.S. EMBARGO

Mr. Diefenbaker:

For a copy of all correspondence between the government of the United States and the government of Canada in the months of January and February, 1952, relative to the United States government placing an embargo against Canadian cattle in consequence of foot-and-mouth disease.

Mr. Gardiner: Mr. Speaker, the motion is accepted, subject to all established privileges

Mr. Fleming: What are they?

Mr. Knowles: Are there any new ones?

Motion agreed to.

IRREGULARITIES AT PETAWAWA CAMP

Mr. Fulton:

For a copy of the letter or minute of instructions or other document or documents containing the terms of reference and/or outlining the powers of Mr. G. S. Currie relative to his inquiry into the irregularities at Petawawa military camp; and also for a copy of all letters, telegrams and other correspondence exchanged between the Minister of National Defence or the government and Mr. Currie, relative to the terms and scope of such inquiry, but not including any initial or interim report except insofar as there may be specific discussion therein of the terms of reference, etc.

Mr. Claxton: The correspondence is now tabled.

Motion agreed to.

FOOT-AND-MOUTH DISEASE—SASKATCHEWAN

Mr. Diefenbaker:

For a copy of all correspondence received by the minister, or the deputy minister, or any of the officials of the Department of Agriculture, from or on behalf of owners of cattle slaughtered in the campaign for the eradication of foot-and-mouth disease in the province of Saskatchewan, approving or complaining about the settlements that have been made for such cattle.

Mr. Gardiner: This is accepted, again subject to all established privileges.

Mr. Fleming: What are they?

Mr. Graydon: That is a new adjective.

Motion agreed to.

ANIMAL CONTAGIOUS DISEASES

FOOT-AND-MOUTH DISEASE—APPEARANCE OF DR. CHRISTIE BEFORE PARLIAMENTARY COMMITTEE

On the orders of the day:

Mr. H. R. Argue (Assiniboia): I should like to ask a question of the Minister of Agriculture. Did the minister agree to Dr. Christie's returning to Regina without the knowledge or approval of the committee, and before the members of the committee had had the opportunity to conclude their questioning of him?

Right Hon. J. G. Gardiner (Minister of Agriculture): That is not a matter which would be referred to me, under any circumstance. I am not sure that Dr. Christie has gone back to Regina yet.

Mr. Argue: Well then, I have this supplementary question: Will the minister agree to have Dr. Christie appear again before the committee so that members may complete their questioning?

[Mr. Gardiner.]

Mr. Gardiner: Mr. Speaker, the committee was adjourned at the call of the Chair, and the question as to when the committee can be called together again will no doubt be considered from time to time. But I would just state that if the committee is going to sit it would be necessary to have many other officials there, besides Dr. Christie, in order to carry on the activities of the committee. At present it is not possible to have these men here, before the committee, and at the same time carrying on activities in connection with fighting the disease and also in connection with the marketing of farmers' products.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Mr. Speaker, may I suggest that we change the order I announced last night in connection with the consideration of Bill No. 193 respecting the New Westminster harbour commissioners. I am told that a delegation from New Westminster, British Columbia, were present in Ottawa within the last few days. This bill is being referred to a committee and, if there are no objections, we will proceed with it first.

BEEF

MARKETING OF CATTLE WITHIN BUFFER ZONE

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): Before the orders of the day are called I wish to ask a question of the Minister of Agriculture arising out of the statement he made yesterday in the house regarding the sale and purchase of cattle in Saskatchewan. What is the method he has in mind for the marketing of cattle within the buffer zone as compared with those within the quarantined area? I am referring particularly to heavy livestock. The minister will have received representations in the matter, and I am asking him this question because a number of municipalities wish to know what the plan is so far as heavier livestock the packing companies will not take is concerned.

Right Hon. J. G. Gardiner (Minister of Agriculture): There is no change in the plan as a result of anything I said yesterday or as a result of any new set-up being established in Saskatchewan. There is no change whatsoever in the plan so far as the buffer zone and quarantined zone are concerned. Those are set up in connection with the fighting of the disease, and no changes are being made with respect to them whatsoever.

My information is that the meat within that area is all required within the area. As a

matter of fact suggestions have been made that we may have to bring in more from outside in order to keep them fully supplied. But it is true that within the area, as outside the area, it is a little difficult to find people who wish to have the heavy animals. Heavy animals have been developed for the United States trade and there is some difficulty in finding a market for them in this country.

Mr. Diefenbaker: If the minister would allow a supplementary question because of the interest in the area in the plan which was announced yesterday I should like to ask one. The minister states that there is no change as far as the buffer area is concerned. What is the position of the farmer there with heavy animals weighing 1,100 or 1,200 pounds with the packing companies wanting to take only animals weighing 800 pounds? What is his position with regard to marketing or disposing of those cattle within that area? What is the government doing to protect farmers from having to take too low prices for these heavier cattle?

Mr. Gardiner: There is only one packing house to which they can take them, the one in Moose Jaw. When they apply to that packing house for the admission of heavy cattle the tendency is for them to say that they prefer not to take them. So far as I know they have eventually taken the cattle but sometimes at a price which the individual thinks is lower than he ought to receive. I think that that has been adjusted in most instances. If it has not and the individual will write in about it we will take his case up at the plant.

TELECOMMUNICATION

NEWFOUNDLAND—INQUIRY AS TO INSTALLATION OF RADIOTELEPHONE SERVICE

On the orders of the day:

Mr. W. J. Browne (St. John's West): I should like to direct to the Minister of Transport a question of which I have given notice. Has he any further information to give regarding the proposed installation of radiotelephone services at Colinet island, Newfoundland?

Hon. Lionel Chevrier (Minister of Transport): None.

Mr. Browne (St. John's West): May I ask when we may expect some information, because this was promised by the end of April. I have been trying to find out when it is going to be done as the people are anxious to know.

Mr. Chevrier: I do not think it was promised before the end of April. It was hoped that by the end of April we would have the materials necessary to build the line in the area. I do not know that there has been any change in that position. I am unable to add anything to the statement made by the parliamentary assistant on April 3.

STRAIT OF CANSO CAUSEWAY

INQUIRY AS TO TENDERS FOR CONSTRUCTION

On the orders of the day:

Mr. P. C. Black (Cumberland): Is the Minister of Transport in a position to make a statement with regard to tenders received for the construction of the Canso causeway?

Hon. Lionel Chevrier (Minister of Transport): No, I am not, except to say that a number of tenders were opened yesterday but have not yet been tabulated. It may be some time before I will be able to make an announcement, although perhaps I might be able to make it tomorrow or the next day.

AGRICULTURAL PRODUCTS

FLOOR PRICES—INQUIRY AS TO PUBLICITY GIVEN TO PAYMENT OF REFUNDS

On the orders of the day:

Mr. P. E. Wright (Melfort): I should like to ask the Minister of Agriculture what publicity has been given by the department to the statement made yesterday by the minister that refunds may be secured by farmers who have not received a fair price for products which they have sold and which are covered by floor prices now in effect.

Right Hon. J. G. Gardiner (Minister of Agriculture): The story would be a rather long one. An hon. member who spoke yesterday after I did gave the details of one case where he said, I believe, that some $15,000 odd had been added to the payments previously made. One could go right across the country and find similar stories being told, but I would not like it to be said that we are giving publicity to them. We are simply dealing with the cases as they come up.

CHEESE

QUESTION AS TO PRICE ASSISTANCE

On the orders of the day:

Mr. G. J. Tustin (Prince Edward-Lennox): Yesterday the Minister of Agriculture intimated that the government would consider whether a floor price under cheese would be put into effect. Is the minister in a position to make a statement now?

Right Hon. J. G. Gardiner (Minister of Agriculture): I probably should have said at an earlier time that the situation has changed

since the hon. member for Glengarry (Mr. Major) asked a question yesterday and I intimated that I had had no word from the cheese board in Ontario. Yesterday afternoon I received a telegram from the cheese board in Ontario saying that they were prepared to consider carrying on under our act of 1939. We expect to meet them tomorrow to discuss the matter and attempt to enter into an arrangement with them.

EXCISE TAX ACT

INQUIRY AS TO REBATE OF TAX ON AUTOMOBILES

On the orders of the day:

Mr. W. G. Dinsdale (Brandon): I should like to ask the Minister of Finance (Mr. Abbott) or his parliamentary assistant if the government has reached any decision concerning the possibility of tax rebates to automobile dealers and distributors with heavy inventories of new automobiles on which—

Some hon. Members: Order.

An hon. Member: Order paper.

An hon. Member: Go ahead.

Mr. Dinsdale: —on which taxes were paid before the recent reduction in excise tax was announced?

Mr. James Sinclair (Parliamentary Assistant to the Minister of Finance): Refunds are a matter of administration which would come under the Department of National Revenue. Perhaps the minister might answer that question.

Hon. J. J. McCann (Minister of National Revenue): The answer is that no rebates will be made.

HARBOUR COMMISSIONS

NEW WESTMINSTER—EXTENSION OF BOUNDARIES AND PROVISION FOR LOAN

Hon. Lionel Chevrier (Minister of Transport) moved the second reading of Bill No. 193, respecting the New Westminster harbour commissioners.

He said: Mr. Speaker, when the resolution was being considered I made a short statement which perhaps I might amplify by saying that the bill can be divided into two parts. The first part has to do with the extension of the boundaries of the New Westminster harbour to a point northeasterly as far as Grants narrows and to a point eastward as far as New Langley. The second part of the bill has to do with the approval of a loan in the amount of $1,250,000 by the governor in council for the purpose of allowing the harbour commissioners of New Westminster to build additional dockage facilities.

[Mr. Gardiner.]

I stated on the resolution the number of berths now in existence, but both the harbour commissioners and the city of New Westminster are of the view that additional facilities are required. The harbour commissioners have already obtained two loans from the federal government, one in the amount of $700,000 as authorized by chapter 10 of the statutes of 1948 and the other in the amount of $274,000 roughly as authorized by chapter 40 of the statutes of 1931.

I have nothing more to add at this stage. After the debate is completed it is my intention to move that the bill be referred to the standing committee on railways, canals and telegraph lines for further study by that committee.

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, there is very little that I can add on behalf of the official opposition to what I said on the resolution stage. We approve of the measure and we are glad that it is to be referred to the standing committee on railways, canals and telegraph lines. I should like to point out to the house that this harbour commission has an excellent reputation for keeping up the interest payments on the loans which have been made. I believe it has never defaulted on these payments and I can see no possibility of there being any default if the loan as set out in this bill is granted. We believe that the council of the city of New Westminster and the New Westminster harbour commissioners are very wise in looking ahead and planning this additional dockage. It is my understanding that a bylaw will be referred to the citizens of that city to approve of the transfer of the water lots upon which the dockage is to be built. The whole project seems to be in line with the progressive and enterprising spirit that the citizens of the city of New Westminster have demonstrated for so many decades. We are very happy to support the bill.

Mr. T. H. Goode (Burnaby-Richmond): Mr. Speaker, I think I should say something on behalf of the people of the constituency of Burnaby-Richmond. Part of the new territory that is being taken over by the New Westminster harbour commission is in my riding. In correspondence with my people they have emphasized the fact that the New Westminster harbour commission is consistently bringing forward new business ideas. I thought the minister would like to know that the people of my riding support the bill.

Motion agreed to, bill read the second time and referred to the standing committee on railways, canals and telegraph lines.

EMERGENCY GOLD MINING ASSISTANCE ACT

EXTENSION OF APPLICATION TO YEARS 1952 AND 1953

The house resumed, from Tuesday, May 13, consideration of the motion of Mr. Prudham that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to extend the application of the Emergency Gold Mining Assistance Act to the years 1952 and 1953 and to clarify the provisions of subsection five of section three so as to provide for the assistance intended when this subsection was enacted in 1951.

Mr. Rodney Adamson (York West): Mr. Speaker, the principle at stake in this legislation is a simple one. Should we in this house ask that the gold mining industry be bonused? A number of members have expressed the opinion that it is of doubtful value to dig gold from one hole in northern Canada and put it in another at Fort Knox or in some private hoard elsewhere. That is a justifiable doubt. I can sympathize with those members who feel that way because today the average citizen does not use gold and does not see gold.

Mr. Gibson: He does not have any.

Mr. Adamson: He does not have any.

Mr. Weir: He cannot eat it.

Mr. Adamson: Therefore they may question what good the entire industry is doing for the economy of Canada. The details of the legislation can be discussed in committee. At the present time I merely wish to deal with the principle of the measure. I think the first question we must ask is whether gold is of any value to the Canadian economy. I wish to give three reasons in support of the contention that it is. In the first place many northern municipalities are entirely dependent on the gold industry. There is a belt running from the town or city of Timmins for three or four hundred miles right through to Val d'Or which is entirely dependent upon the gold industry for its existence. If the gold industry ceases to exist each of these municipalities will become a ghost town because, with the exception of the base metal industry at Rouyn-Noranda, there is no other industry that would keep these towns in existence.

Therefore we have to make a decision whether these municipalities, towns and settlements are to be preserved or whether we should ruthlessly allow them to disappear and become ghost towns. From every point of view I think that would be an unthinkable action for parliament to take. The second point about gold is that it is the colonizing metal which has been instrumental in pushing the farm frontier northward. The great clay belt of northern Ontario and the great colonizing efforts of the government of Quebec are dependent upon the mining industry for the disposal of farm produce. These northern farms operate under climatic conditions somewhat more severe than their competitors in the south. They are much farther from the markets of the south. Therefore in order to exist at all there must be a market for their farm produce close at hand. The employment of men in the gold mining industry provides a market for the farmers' produce.

There is another point about gold mining and colonization. Gold has been the magnet that has developed a great part of this continent. It was the gold rush of 1849 that brought about the development of California and opened up the Pacific coast. It was the discovery of gold in the Yukon that opened the great Northwest Territories and the Yukon. It was the discovery of gold in New South Wales, Australia, that resulted in the development of the great agricultural industry of that part of that continent. The gold mines in that district of Australia have long ceased to exist but it was the magnet of gold which brought people into the area where they subsequently established a stabilized farm economy.

In reality it was gold in the Elizabethan era that prompted the Spaniards to develop the Spanish Main, and the English, under Drake, to explore that part of this continent. Gold was the magnet that brought the adventurer. Gold is still the magnet which will bring adventurers.

The third point is that in Canada gold has brought about the development of many other metals. Gold was really responsible for the development of the Eldorado uranium mine. Eldorado was originally a gold company. When their original deposits proved to be non-commercial in value La Bine and the others in that company continued their prospecting and discovered the uranium at Great Bear lake. Much more recently it was gold that brought the original prospectors to Lynn Lake, which I think it is fair to say may prove to be one of the great nickel producing areas of the world. So, Mr. Speaker, we have gold maintaining our northern municipalities. We have gold responsible for pushing back our northern frontier, and we have gold, the metal of discovery, bringing other metals into production. On those three counts I say gold is of supreme value to this country.

Let us look at it as a matter of dollars and cents, from the point of view of our mineral production last year. I include both ferrous and non-ferrous metals, oil and other minerals. Our total mineral production

approached $1,200 million, a staggering production for a country with such a small population. Not only did this form a very large part of our gross national product; it provided the sinews for our manufacturing industry, making possible many of our primary and secondary industries. With the raw materials right at hand our manufacturers have an advantage over those in countries which have to import raw materials. So taken as a whole our mineral industry is probably the most important industry in this dominion. Now let us look at the figures for last year, which I obtained from the dominion bureau of statistics. I must say they rather surprised me. The production of our twelve leading minerals was valued as follows:

Gold	$159,407,000
Nickel	150,600,000
Copper	149,300,000
Aluminum (ingots)	133,000,000
Zinc	132,900,000
Petroleum	121,400,000
Coal	110,000,000
Asbestos	78,800,000
Lead	56,100,000
Sand and gravel	42,900,000
Cement	40,200,000
Iron ore	26,675,000

It is interesting to note that our petroleum industry, of which we hear so much, ranks considerably below many metals, particularly gold. On these figures, showing gold to be the most valuable mineral produced in Canada, can we afford to jeopardize this industry? In my opinion, it is obvious that we cannot.

As the minister correctly stated, the gold mining industry finds itself in a very serious situation because of the fixed price. I shall deal with that later; at present I wish to deal with the routine of selling on what is known as the premium market. That market cannot by any stretch of the imagination be called a free market; it is a premium market. This is the routine. The mine produces the bullion and sends it to the mint, where it is refined into pure gold of a fineness of at least ·995 plus. As a matter of fact pure gold from the Royal Canadian Mint is ·9999 fine, or one part in ten thousand impure; and the mint deserves a great deal of commendation on the efficiency with which it produces pure gold. Then this pure gold is sent to a commercial refinery, where it is adulterated down to 22 carats or ·9166 fine. This 22 carat gold is sold f.o.b. Malton to a broker, but of course only the pure gold content of the bar is paid for. The gold is then sent to Europe, generally to France, in 22 carat form. There it is resold for export as 22 carat or industrial gold. The 22 carat bar is exported to a nation which is not a member of the international monetary fund, where it is then re-refined into pure gold. That pure gold is then re-introduced into France by clandestine means. In Paris it is sold for United States dollars or other hard currency. The gold is then shipped to private hoards, where it is lost to the monetary authorities of the free world. Other countries than France carry on this trade, of course, but that is the general procedure in the marketing of gold on the premium market.

Does this fantastic procedure make sense? To start with, the gold is lost to Canada. Second, the cost of this strange manoeuvre is in the neighbourhood of $3 an ounce. Third, the bullion is finally lost to international trade; it goes into hoards and can be used by individuals and countries whose interests may be inimical to those of the democracies. This procedure defeats every intention of and is contrary to every principle enunciated by the international monetary fund; yet this procedure is forced upon us by the rules of the fund. Therefore the whole question of our continued membership in the fund must be considered.

I wish to mention very briefly that in fact there is no such thing as industrial gold. There is some use for gold architecturally, as gold leaf, but it is very small. Gold jewelry is frequently used for monetary purposes, particularly in the east. As far as the dental trade is concerned gold has many superior substitutes. In fact, "industrial gold" is in reality a misnomer, although there is a little bit so used. Gold is a monetary metal. It has practically no other use. In my remarks I shall consider it purely as a monetary metal.

We now come to the actual plight of the gold mining industry, and I wish to put on the record this year's statements of many of the presidents, mine managers and directors of our straight gold mines. I first want to start with the statement of Mr. Emery, vice-president and managing director of Kirkland Lake Gold Mining Company Limited. He says:

> The proven ore reserves in the mine at the end of 1951 amount to 333,000 tons having a gross value of $5,268,990, calculated at $35 per ounce. An appreciable tonnage that had been carried as ore reserves was eliminated again this year as, under the present price of gold and increased cost of production, it could not now be classed as reserves.

Mr. Thomson, president of the Malartic Gold Fields Limited, says:

> The total of developed and indicated ore reserves was lower than at the end of 1949. This situation arose because of the lower price obtained for gold and because estimated lower costs were not realized and therefore substantial quantities of ore, previously included in the reserves, had to be eliminated.

Mr. Jules R. Timmins, president of Hollinger Consolidated Gold Mines Limited, says:

Due to the reduction in the amount received per ounce of gold, the value of the gold recovered decreased 30 cents, labour costs increased 53 cents and the cost of supplies increased 19 cents per ton milled in 1951. Accordingly, the margin of profit in 1951 as compared to 1950 was reduced $1.02 per ton milled, which indicates serious difficulties for the years ahead.

I mention that particularly because the average grade in Porcupine, in the years past, has been about $8, $9 or $10 a ton. If you take $1.02 from the value per ton last year, and almost an equal amount the year before, you will soon find that what you classed as ore has ceased to exist and becomes waste rock. Once that happens there is no solution in the maintenance and the continuance of the gold industry. It is dying.

The general manager of Dome Mines Limited says:

Ore reserves were maintained at substantially the same figure as last year. In this connection it should be pointed out that rising costs make it increasingly difficult to maintain the reserve position in that the unit cost of the work necessary to develop ore is advancing and additional material to be classed as ore must contain more gold than was formerly the case. Putting it another way much material which under former conditions would be classed as ore has become worthless waste rock.

One more statement is that of Mr. A. L. Blomfield, president of Lake Shore Mines, Limited. He says:

The picture of operating conditions in the industry has deteriorated even more rapidly than heretofore. The rise in the Canadian dollar in United States dollar values, since January, 1951, decreases the gross value of the gold by 5 per cent in Canadian money; its value to the mines in Canadian money is at a lower price than at any time since 1939, except for the fixed parity in 1947 and 1948. The operating cost handicap has risen in the past year by 14 per cent, a greater rise than in any previous year.

The taxes, another item that cannot be passed on to consumers, are now up to 35 per cent of the operating profit. This industry has no power of self-help, such as all other industries in a free enterprise country enjoys. The emergency gold mine assistance, the basis of which has been reduced since 1950 in the face of swiftly rising costs, taxes, etc., is still of course a help in preventing a complete shutdown. It preserves for a while the present community, while sacrificing its future. Under this system the mines now shutting down have approached final exhaustion and many will probably never open again. If these had shut down before this gutting operation, re-opening would be a normal procedure. Meanwhile, stockholders' dividends have been almost completely sacrificed.

The working force of your mine, including all sections, have loyally done their job and, while sincerely thanking them I very much regret it has been impossible to compete with the base metal mines and other industries, the price of whose produce has risen with or higher than the handicaps to operating. I hope the not-too-distant future will produce a brighter picture.

The last statement I shall read is that of Mr. Miller, president of Wright-Hargreaves Mines, Limited. He says:

In my report to shareholders just one year ago I stated the Canadian government had announced that, commencing immediately, they would allow the dollar to seek its own level in the free market and I implied that as a consequence the exchange or premium we were then receiving might be considerably reduced, resulting in less earnings to the company. This prediction has come true in part, to the extent that we lost more than 4 per cent in exchange benefits the past year which, together with continued increasing costs of taxes, labour and supplies generally, and lower tonnage milled due to labour shortage, has reduced our earnings somewhat for this current year. A re-reading of the annual report of October, 1950, would be interesting by comparison.

What does this gutting of the mine mean, Mr. Speaker? It used to be called high grading. It means this. As costs increase with a fixed price, more and more of what was once ore—a great asset, a tangible national asset—becomes waste rock. For instance, if this chamber were an ore body and if the section between the desks were high grade and the section on the outside were lower grade, as the costs went up, more and more of the section outside of the centre aisle would become waste rock and worthless; and as costs went up, as they are doing, the centre section itself would shrink until it became about the size of the desks occupied by the *Hansard* reporters. That shows the sort of shrinkage in ore that is going on today in our straight gold mines. I say without any fear of contradiction that if the present trend of increasing costs continues, with a still fixed price, despite the legislation we are discussing today we shall find that in five years' time there will not be one straight gold mine producing profitably, and possibly not one producing at all in Canada.

That is how serious the situation is. Now, what are the alternatives to this policy? What are the alternatives to bonusing the industry to keep it temporarily alive? There are, I think, just two. First, raising the internal price by unilateral action, or the establishment of an unrestricted free market in Canada. Both are contrary to the rules of the international monetary fund. I would be opposed to Canada, or for that matter any government, raising the price of gold by decree; although this may happen, it is wrong in principle. Gold must stand as the arbiter of value, not because of any action by a government or treasury, but because of its free acceptance by men as such arbiter, its value being determined solely by the open market economy known as the law of supply and demand. I wish to quote in this connection an authority who is a deputy

governor of the international monetary fund, Dr. J. K. Holloway. He has this to say on that point:

> It is perfectly true that, until the price of gold in a free market becomes reasonably stable, a government cannot restore convertibility. Convertibility assumes a definite figure at which the unit of money of account can be converted into gold. That figure cannot be fixed until the price of gold has been determined by the arbitrament of a free market, the only agency that can now determine it. There would, therefore, be an interval during which dealings in gold would be free but the right of the citizen to demand gold for paper could not yet be exercised. But no government, intent on monetary reform, would render itself more vulnerable to a demand for gold at such times as the right to demand it is restored, by inflating its currency during this interval.

Now I come to the question of the value of the free market in bullion form in Canada, which I have advocated for a number of years in this house. The question of whether it would assist the mines is not as important as whether it would assist international trade. The four proposals put forward by the Ontario mining association should, I submit, have received more consideration by the government, and I sincerely believe that their adoption would be helpful to the country as a whole. They were as follows. One, spot delivery from stock of 22 carat gold. That means that the mines would be allowed to store 22 carat gold for sale on spot delivery, immediate sale, whenever the demand, or whenever the sale could be put through. The form "spot delivery" is a technical one. Two, to sell fine instead of debased gold. Three, allowing Canadian gold in Canada to be held for foreign account. And, four, the repeal of section 28 (2) of the Bank of Canada Act. The first was granted and the others were refused. I believe that the opinion of the Ontario mining association and the gold mines in question should have been given more consideration. However, the government, through the Minister of Finance (Mr. Abbott), turned the proposal down, and I think a retrograde step was taken.

The question of a free market, however, involves two considerations. First, would it bring about an established price for gold in terms of our currency; and second, would it bring about a degree of international free currency exchange in Canada? The only way to arrive at a price for gold is by the operation of the law of supply and demand; but certain conditions must exist. The gold must be freely and openly purchased and sold. It must have no restrictions on it with regard to export and import, and it must be allowed to be stored within Canada.

One of the reasons today that gold is selling for only between $38 and $40 on the free market is that it must be held by its owners in countries whose political stability is certainly questionable. I ask any hon. member whether he would be happy in holding gold in such places as Tangier, or for that matter, in Paris, even though it were held in a Canadian bank. I have been informed that there are a number of Europeans who have deposited their securities in the North American continent for this very reason. Therefore the security of the bullion is a paramount matter to the holder, and were we to allow private individuals or corporations to hold gold in Canada, or in Canadian banks, I am convinced the procedure would be very attractive, and in consequence the price would unquestionably advance.

The other point concerning currency is, however, more important. It is here, I believe, that the establishment of a free gold market in Canada would be of greatest use. The owners of soft currencies today are prohibited from using them outside the boundaries of their own countries, except under government control or for certain rigidly prescribed purposes. No one, however, has ever thought of restricting anyone from purchasing anything and paying for it in gold. If therefore the owners of the soft currencies were provided with the machinery by which they could exchange these currencies, through the medium of our gold market, into gold they would have a much more useful counter, no matter what it was called. There would have to be of course a buyer for the soft currencies, but the productivity of the sterling area in itself indicates a market for those currencies for those who wish to buy in that area.

I do not say or claim that this would overcome the embargoes, or the currency restrictions, but I believe it would be a step along that path, which although small and possibly halting to begin with, would lead to further lifting of restrictions. There is no simple way out of the impasse, Mr. Speaker. The steps will be halting; progress will be slow; but, as I hope to show in a minute, the way to begin is to begin.

We in Canada are in a peculiarly advantageous position in the matter. Establishment of a free market would also make Canada one of the great international banking centres of the world. We are today the world's greatest traders on a per capita basis. Our chartered banking system is international in scope. It has been nurtured on world trade. Let us give it the opportunity of making Canada one of the world centres of banking and exchange. Some of the functions carried on so profitably

by British banks and insurance companies in the nineteenth century and in the first quarter of the twentieth should be assumed by us. We must not submit to domination in this matter from New York.

Coming to the international monetary fund, the bona fides of this fund is open to question. Its two principal architects were Lord Keynes and William Dexter White, both now dead. Keynes' proposal for a world currency or a bill of exchange, which he called the bancor, had much to recommend it, in that it was apparently designed to prevent the world being divided into currency blocs operating within geographical and economic barriers within which trade was reasonably free, but between which trade was made almost impossible by currency restrictions and exchange controls, and embargoes of one kind and another.

The White plan, as it was called, was adopted, with the result that we now have currency controls, embargoes and restrictions on an almost world-wide basis designed, not to sponsor and expedite trade, but to restrict it. Recent severe restrictions imposed upon various members of the sterling bloc against the dollar countries are most destructive to world trade. Surely it need not be restated in this House of Commons, nor in fact by any Canadian, that without world trade there can be no lasting prosperity.

The White or American plan has resulted in making a currency exchange almost impossible. Nowhere outside the North American continent is there any degree of really free exchange; and I submit, Mr. Speaker, that on that evidence alone we must consider that the international monetary fund has not served its primary reason for existence, which was the freeing of exchange.

We know from recent evidence submitted to a grand jury in New York, and by the revelations of Whittaker Chambers that Dexter White was at least a fellow traveller, if not an outright communist. I do not suggest that the international monetary fund is in any way a communist front. To do so would be, of course, improper. However, the one thing the fund was set up to do was to free currencies, to re-establish convertibility and, by so doing, promote international trade. The sad fact is that by its very regulations the fund has been a deterrent to convertibility and at least in part an instrument of promotion for currency blocs whose very existence destroys that international trade which the world must have.

Therefore I think we can regard the operations of this body, if not with suspicion at least without hope. The reports received after the Torquay conference on tariffs and trade and the high hopes held by the delegates have proved to be a delusion and a chimera, simply because of the breakdown of the machinery of currency and exchange.

As a member of the banking and commerce committee who was privileged to hear the glowing reports of our delegates at Torquay, I can only regard with despair the recent action of the United Kingdom, Australia and others in putting even tighter and more drastic controls on their exchange and trade. Until we can make world trade more free we will not encourage it. Unless we encourage it we will not have international prosperity. Unless we have international prosperity we cannot exert our maximum effort toward the defeat of communism. I mention this matter of trade because it is overlooked in the development of what used to be known as the have-not countries, and what are now known as the undeveloped or underprivileged countries.

Mr. Speaker, trade can do more for the well-being of the people than any amount of gifts, any amount of handouts, any amount of subsidies or any amount of well-wishing that any rich country may do. It is on trade that the well-being of a people exists; and the greatest thing that we in the free world can do is to do everything possible to promote that trade.

In my opinion the establishment of a free market, so that gold could once again be used in part as the lubricant for international trade, would do more for the well-being of the world than all the pious resolutions passed by all the conferences, national or international, anywhere in the world.

That the international monetary fund has failed must be apparent to all. We must therefore take steps to make it an instrument of trade promotion, or else we must withdraw from it and the restrictions imposed upon us by membership. I would still hope that it could be made into a useful organization; but there are certain clauses in its regulations which will have to be amended before it can become so.

One of these clauses is that concerning monetary gold. Less than 15 per cent of last year's newly mined gold went into the hands of the monetary authorities of the free world. The figure is approximately $130 million out of a production of some $850 million. The remainder went by devious means, of which our own regulations form a part, into hoards where they can be, and I suggest are, used to foster international unrest. Certainly they are out of circulation, so far as being an effective lubricant to international trade is concerned. This in itself

is a severe reflection on the fund's policy. As a matter of fact, the hoard at Fort Knox, by the very restrictions placed by the United States government upon the holding of gold by its citizens, can also be considered as sterilized or hoarded gold, not fulfilling its function in international trade. With all due respect I consider that that policy is detrimental to the world.

The scarcity of gold in international trade is not only having the restrictive effect which I have indicated, but has encouraged private barter deals and uneconomic trading at prices which have little relationship to the open market or the free economy price of the goods so traded. This further compartmentalizes trade and makes transactions more unrealistic. For example an English manufacturer who is able to get a great deal more in pounds for his produce in a sterling area country than if he sold it in the comparatively competitive economy of North America would, of course, infinitely sooner sell the goods to that sterling country, because he is allowed by the law of the United Kingdom to receive payment in sterling only. This has a bad effect on the morale of the British manufacturer and destroys his efficiency.

I do not wish to be considered critical of any other administration but as long as any country, whether it be the United Kingdom, France or even a South American republic with a favourable balance of payments, resorts to currency restrictions, quotas, embargoes, rationing or any of the other devilish devices of scarcity, there will be no prosperity in that country. No matter what glowing predictions are made in the United Kingdom there will be economic crisis after economic crisis unless and until she gives up this unrealistic and economically unsound principle.

I come now to the question of inflation and the use of gold as a deterrent to inflation. World money supply expressed in terms of United States dollars has increased from $60 billion in 1940 to $170 billion in 1950. The relationship of currencies other than North American to the United States dollar shows this increase in the money supply for non-North American countries to be far more severe. The money supply in terms of francs or pesetas, for instance, shows a far greater numerical increase. Whether the increase in the money supply is the whole cause of inflation is certainly questionable. However, it is significant that the ratio of money supply to physical production of goods bears a close relationship to price.

For instance, in Canada the cost of living, the wholesale price index and many commodity price indices have about doubled during the war decade and the money supply has increased by approximately three times, or from $1,370 billion in 1939 to $4,730 billion in February, 1952, for active deposits, or from $6,193 to $17,938 for the total of both active and inactive deposits. The physical volume of production or the gross national product has of course increased enormously since 1939, but in terms of goods it has not gone up as fast as the increase in the money supply.

Take carloadings, for example. There is now twice as much money in existence for every car loaded as there was in 1939. The cost of the goods loaded into the car has for all practical purposes also doubled. I shall not deal with the subject in any great detail as economists are not in entire agreement as to the actual relationship between the increase in the money supply and inflation. I think they are generally agreed that it is one of the major contributing factors and I suggest that the rough figures which I have given are significant.

The function of the gold standard is not to restrict economic expansion but to restrict monetary expansion not represented by physical growth in production. The return to the gold standard is the only measure which, by making currency both a medium of exchange and a store of actual value, will prevent inflation by a constantly decreasing power to purchase by the national unit of currency. This is a step which cannot be taken immediately or perhaps even in the near future. The danger of action by governmental restrictions is that they create deflation rather than disinflation. Credit restrictions produce the former condition, as recent results of the present government's policy have shown.

I have spoken on the question of inflation and the gold standard before. The gold standard is desirable, but we cannot arrive at a gold standard until we determine the price at which gold can be traded in terms of our own currency. That should not be done by government decree. Pegging the price, rigging the price of any commodity is dangerous, and doing it with regard to gold is probably the most dangerous of all.

There must be a period of time when gold can find its own level. What that price will be, I suggest, no one knows. How long it will take to find that price is also a question which cannot be answered at this time. However, when that price has been arrived at gold will tend to stabilize itself, just as I predicted the Canadian dollar would stabilize itself when it was freed from restrictions; but it will probably take longer. When that happens we can return to a fixed exchange

value for our currency. However, to do so now would drain what little gold reserves we have in this country. Certainly if the United States embarked on it it would drain the gold reserves at Fort Knox in a very short time.

Therefore there must be a period in which by free action a proper price can be evolved. Even though the monetary fund set the artificial price of gold at $50 or even more and still restricted trading in gold, I would be opposed to it as being an unsound move. One thing about the capitalist system is that capital, exchange and money can be free to come in and go out. I submit that one of the first and most important moves for us to take in Canada is to allow gold that freedom, to restore the right to hold and own gold.

In conclusion I want to make the following points:

1. This bill is a palliative, not a cure.

2. The gold industry is threatened with extinction.

3. Canada cannot afford to lose this industry.

4. The international monetary fund has proved to be a costly failure.

5. Its rules prevent a rise in the price of gold either artificially or by the operation of the free market.

6. Gold is not going into monetary funds but into private hoards under present regulations. This is dangerous.

7. Canadian gold should be used by Canadian individuals and corporations to assist them in international trade. The return to a gold standard must be preceded by the operation of a truly free market to establish a price for gold which can be maintained.

8. A gold-backed currency is the only sure cure for inflation. The return to a gold standard is desirable but is not an immediate prospect.

9. The free market is the only method of arriving at the true price for gold. Just as the free Canadian dollar has stabilized itself, so will gold if all restrictions are removed; but the period of stabilization may be considerably longer.

10. No agency can prevent price fluctuations. It has generally proved disastrous to try.

Finally, I believe that Canada stands on the threshold of becoming a great international banker in her own right. I believe that we must accept this challenge. I do not believe we can afford to accept the domination of New York on this continent; certainly we cannot stand political domination from Washington. I am convinced that despite our small size in population, despite our small production compared with that of the United States, because of our potential production, because of our great storehouse of wealth as yet undeveloped, we must accept the challenge of freeing our currency, as we have done, and be prepared to stand alone if necessary and fulfil the functions of an international banker. The twentieth century can really be ours if we have the courage and the vision.

Mr. Armand Dumas (Villeneuve): Mr. Speaker, we have before us for consideration a resolution preceding the introduction of a bill to extend the application of the Emergency Gold Mining Assistance Act to the years 1952 and 1953 and to clarify—I would have preferred it if the word used had been "amplify"—the provisions of subsection 5 of section 3 of the act. I do not wish to take any more time of the house than is necessary, but hon. members will understand that when such legislation is being introduced I would fail in my duty if I did not bring to the attention of hon. members the views of my constituents.

First I wish to say that the Canadian gold producers are facing a very difficult situation. The employees in the mines are in danger of losing the main if not the only source of their monthly payroll. Modern communities are liable to become ghost towns. Everyone concerned has serious cause to be worried regarding the ever-increasing difficulties which have to be met by the gold mines. At the same time I wish to say that all those concerned with the plight of the gold mines are also aware of the sympathetic consideration which the problems confronting the industry have received from the federal government in the past, and they gratefully acknowledge the steps taken by the government to continue its aid to the industry.

Mounting costs of production and a fixed price for the final product are the causes which have seriously hampered the operation of the gold mines of this country more and more since the early years of the second world war. In addition to the above, we now have the Canadian dollar at a premium, and I would say that this is another handicap to the gold mines. Figures published by the bureau of statistics show that the operating costs of Canadian gold mines have risen by 40 per cent between the year 1941, when the price of gold was $38.50 an ounce, and the year 1948 when the price of gold was $35 an ounce. In 1949, when the average price of gold was $36 an ounce, the cost of producing an ounce of gold exclusive of taxes was approximately $32.

Gold Mining

Figures compiled by the department of mines of the province of Quebec are even more convincing. They show that the operating cost of producers in that province during the year 1939 was $24.65 per ounce exclusive of taxes. The average price of gold for the same year was $36.67 an ounce. In 1949, again in the province of Quebec, the cost of producing an ounce of gold had jumped to $35.56, an increase of 44 per cent. However, the price of gold for the same year had remained practically the same as that of 1939, namely, $36.16 an ounce. For the first nine months of 1951, again in the province of Quebec, the cost of producing an ounce of gold has exceeded by 18 cents the average price paid by the mint during the same period. During the month of April, 1952, while the cost of producing an ounce of gold in the province of Quebec amounted to $37 the average mint price was $34.35.

Of course one serious feature that has added to the difficulties of the industry during the last few months has been the sharp decline in the price of gold. During 1941 the average mint price was $38.50 an ounce. During 1950 the average mint price was $38.04. But for the first nine months of 1951 the Canadian dollar was at a discount of 5 per cent in terms of the United States dollar, and from September to the end of the year at a discount at less than 2½ per cent, resulting in an average price for gold per ounce of $36.82. These figures can be verified in a publication of the bureau of statistics. With the Canadian dollar at a premium instead of a discount the average mint price for gold during April, 1952, was $34.35 an ounce. For the first week of May the price was $34.31. For the week ending May 10 the mint price was $34.40½. With these figures before them I am sure hon. members will realize the critical situation facing this industry on which so many people depend.

At this point I should like to say a few words on this matter of our money being at a premium. We may be inclined to be somewhat proud of the fact that our dollar, which was at a discount for so many years, is now at a premium as compared with United States currency. However, to my mind if the Canadian dollar remains at a premium for a long time it will result in more harm than good. Our dollar at a premium simply means that it will be more costly to those who live outside our country, south of the border for instance, when they wish to obtain Canadian dollars. It is bound to check the flow of capital from the United States; and putting the brake on United States capital coming to Canada will certainly retard the development of our natural resources. Our basic industries such as lumbering, mining, agriculture and fishing are bound to be seriously affected by the increased cost of Canadian money. Other industries, such as the tourist trade, are bound to be handicapped for the same reason.

The premium on the Canadian dollar has added to the numerous burdens already being carried by the gold mines of Canada, and I hope the government will see its way clear to try to correct this situation. Recent legislation permitting the sale of gold of industrial grade on premium markets has been warmly received by the industry. At the annual meeting of Noranda Mines the president, Mr. Murdoch, had this to say in regard to that legislation:

> Last October the government took a courageous step in permitting the mines to sell gold to domestic fabricators for use in Canada and for export to the free world markets. South Africa and Canada, in attempting to assist their respective gold mining industries have, in my opinion, taken constructive action which will ultimately benefit all the trading nations of the world in breaking away from the restrictive controls and currency regulations of the international monetary fund.

A little further in his report Mr. Murdoch also said that were it not for this feeling of confidence and the recognition by Ottawa of the serious position of the industry, he would recommend that Pamour be closed down in a jiffy. That mine, by the way, is in the Timmins district, and the full name of the company is Pamour Gold Mines Limited.

The general terms and conditions under which the sale of gold on the industrial market is made, though they met with approval and commendation by the industry, could be improved at no expense to the country, in order to give more revenue to the producers. For instance, the sale of fine gold rather than debased gold should be permitted. Such an amendment to the regulations would mean approximately 50 cents more an ounce to the producers. Other regulations relating to this legislation should also be amended.

The critical situation which confronted the gold mining industry in 1948 caused the government to enact the Emergency Gold Mining Assistance Act. Since that legislation came into effect it has been of great assistance to the gold mines, to the miners and others working for these companies, and to all the communities depending on the gold mining industry. Those of us who are closely connected with and depend upon that industry for our livelihood were very pleased with the enactment of that legislation. We have also appreciated the amendments that have been made, and we are grateful to the government for the past and present extensions of the act. I would like also to record my warm appreciation of the opportunity granted

on many occasions by the Prime Minister (Mr. St. Laurent) and members of the cabinet to the Canadian Metal Mining Association and other delegations to come to Ottawa and lay before the government problems of great concern to the industry.

The gold producers have always been aware of the willingness of the government to co-operate, and to this end they themselves have done everything possible to increase the efficiency of their operations in order to keep down costs. Extraordinary efforts have been made to stem the rising tide. Every practicable method has been adopted to improve efficiency. Obviously there is a limit to such process, and I want to point out the need to stabilize the position and if at all possible improve the prospects of the industry. For the gold mines the crux of the problem is the price of gold. If today the gold mining people are greatly concerned over the present situation, they are not at all pessimistic. Far from it; they feel that eventually the price of gold will have to be adjusted, and they think the day is not far distant when the important trading nations of the world will return to the gold standard. It is fully appreciated that this is a highly complex problem concerning which the Canadian government is not in a position to take entirely independent action.

We must not forget that the gold mining industry has been and will continue to be of vital importance to this country. It has produced the gold required for monetary backing and for the settlement of trade balances with other countries. It is the one thing above all others on which Canada depends for opening up new areas of settlement and potential resources. I repeat what I have said previously in this house. Gold mining is the stimulus which provides encouragement to the prospectors. Just a few days ago I saw an article in a weekly paper in Rouyn-Noranda. It is the Rouyn-Noranda *Press* of May 8, 1952. The article is entitled "Gold Still Glitters" and it reads in part as follows:

During a week-end visit to Toronto—

That was a visit by the editor of that newspaper.

—we were surprised at the number of people not connected in any way with mining that were interested in gold the moment we mentioned coming from Rouyn-Noranda.

It shows that in other parts of the nation the importance of gold mining is recognized by even the average citizen. But at the same time gold mines are having a hard time making ends meet.

Further on in the article we find this statement:

To many, gold still glitters as brightly as ever but the gold mining situation could be much brighter.

I agree with that statement. I also think that the gold mining situation could be much brighter.

Gold has always been the spearhead in the search for mineral wealth. It has led in the past, is leading now in spite of the many difficulties encountered—and will, if permitted to do so, lead again to the discovery of valuable deposits of base metal and strategic materials.

Last week there appeared in the *Globe and Mail* two articles which substantiate what I have just said. In the issue of May 7 we find an article which reads as follows:

Amos—There are high hopes in this busy northwestern Quebec community that the success at Barvue Mines will once more direct the attention of the mining industry to an area that was one of the first regions of the province to be prospected before more attractive developments 70 miles to the southwest at Noranda turned the tide of prospecting away.

Further on the article states:

Gold was the magnet which drew prospectors into the area in the early days and many times since. The Barvue mine, originally staked as part of a gold rush which found no gold became, instead, a big zinc operation.

In the article in the *Globe and Mail* of May 6, we read this:

A windfall of zinc and silver from a small tract of land staked as a gold prospect, combined with engineering ingenuity and $7 million in cash, is rapidly transforming a stretch of muddy, hungry-looking farm land lying 22 miles east of this town,—

That is Amos.

—into a bustling community of building construction and townsite planning.

Further on in the article we read this:

Contracts for the sale of the zinc are on a firm basis covering 175,000 tons of zinc concentrate at 17·5 cents a pound U.S. funds and American Zinc has an option on a further 175,000 tons of concentrate at the same price, with the addition of an escalator clause covering possible cost and wage increases.

Mr. Speaker, you can see that mining is certainly the broad foundation of Canada's internal structure. The service of mining in pushing back the frontier has given our country a pioneer quality, a spirit of independence, self-reliance and confidence.

Canadian mining is still capable of great expansion. To be convinced of this fact, we have only to look at the map and read of what is going on in the Yukon, the Northwest Territories, northern Ontario, northwestern and northeastern Quebec and the Labrador section of Newfoundland. The lead and zinc ore of Keno Hill; the uranium of Great Bear lake; the copper deposits of Victoria island; the nickel finds of Ferguson lake and Chesterfield inlet; the big nickel mine of Lynn Lake; the

ever-expanding rich mining deposits of northern Ontario and northwestern Quebec; and the iron and titanium ores of northeastern Quebec and Newfoundland are convincing evidence that there lies a land of fabulous riches. We also realize immediately that the future of Canada lies as far north as man can travel.

I will conclude by saying this. Gold is and always will be the stimulus of encouragement in the search for new mineral wealth, and we should do everything possible to restore the gold mining industry to its former health and vigour. Having done this, we shall have made a major contribution to the economy of our country.

Mr. Ray Thomas (Wetaskiwin): Mr. Speaker, we in this group on all previous occasions supported this act and the extensions of it, and we support this measure because we realize that when the price of gold was pegged at $35 under the Bretton Woods agreement of 1945, the cost of production was a great deal lower than it is now, and that the rise in costs have made it almost impossible for the gold mining industry to make a go of it. However, I hope the minister does not intend to include under this act at the present time those companies which chose to break away from the agreement. We think that all those who remained under the agreement and who are selling at the $35 should be given some sort of assistance. However, those who chose to go on the open market should, I believe, remain on it.

During the past four years that this act has been in force we have paid out something like $40 million—$10 million a year—towards subsidizing the gold mining industry. That is all very well. However, we must realize that this industry has engaged in it only something like 32,000 people. I regret that the minister who is sponsoring this bill did not show the same concern when the proposed final wheat payment was before the house a year ago. I want to make it perfectly clear that we are supporting this measure because the other countries will give us goods in exchange for our gold, and not because we believe in the principle of convertibility of currencies or convertibility of gold. As long as gold is the medium for international exchange, and as long as we have the gold production potential, I believe it should be helped. However, in times like this, when we are in the midst of an arms race or a huge defence program, I think these gold miners could possibly be better employed elsewhere in mining for some of the base metals that we need for our armament plans. In other words, Mr. Speaker, I think that in times like these we should discourage the production of useless goods and encourage the production of goods that we need so badly for our defence production. However, as we are members of the international monetary fund and are encouraging gold production, we shall continue to support this bill and any extensions made to it. I repeat that we support it for those who are adhering to the fixed price. However, we have always advocated convertibility of goods rather than of gold or of currencies, but we shall support this bill.

Mr. H. W. Herridge (Kootenay West): When the gold mining assistance bill was before the house last I spoke at some length. This afternoon I want to make just a few brief observations on this resolution, which states:

> That it is expedient to introduce a measure to extend the application of the Emergency Gold Mining Assistance Act to the years 1952 and 1953 and to clarify the provisions of subsection five of section three so as to provide for the assistance intended when this subsection was enacted in 1951.

This group again accepts this resolution as a temporary expedient, as mentioned in the resolution, to meet a particular and we hope a temporary situation. We support the purpose expressed in the resolution because, since there are numbers of working people, communities and other services involved, we think the government is justified in doing something for them in those particularly difficult circumstances under which they are operating.

I might say that, before proceeding with my brief remarks, we in this group cannot agree with the suggestion made by the hon. member for York West (Mr. Adamson), if I heard him correctly, that it would be to the advantage of the Canadian people and the economy of Canada generally if we were to return to the gold standard.

While this resolution will provide for the introduction of a mining bill which will continue the payment of subsidies to the gold mining industry, we do again want to stress the fact that we in this group believe that the workers in that industry should receive wages equal to those received by individuals working in other sections of the mining industry, and should work under conditions equal to those enjoyed by other workmen in the mining industries.

In the passage of the Emergency Gold Mining Assistance Act the government has recognized the principle of subsidies, and it has in other respects subsidized other industries where they felt they were justified in using public funds to support an industry under difficult circumstances and to keep it going. We in this group, and all hon. members, realize, as the hon. member for Spadina

(Mr. Croll) said the other day, there is a housing shortage in this country, a housing crisis. I do urge that the government show the same concern for the Canadian people who need housing when that question comes before the house. We support this bill because there is a need. There is a greater need for houses in Canada, and we do hope that the government will recognize the principle of subsidies when it comes to deal with that urgent and important question.

Mr. E. T. Applewhaite (Skeena): Mr. Speaker, on my own behalf and on behalf of a large section of the area which I represent, I welcome the introduction of this resolution and the proposed extension of the Emergency Gold Mining Assistance Act. We welcome it not only for its own terms, but because we see in it the continued expression of the interest of the government of Canada in the problems of the mining industry, and particularly those of the gold mining industry.

A great deal has been said this afternoon which I do not intend to go over but which I think, particularly as it has originated on all sides of the house, indicates that the gold mining industry is a matter of major importance to the Dominion of Canada. The point that I wish to make to the minister and to the government this afternoon is that there is still truth in the old proverb that great oaks from little acorns grow, and great gold mines are developed always from little prospects.

Something has been said this afternoon about the danger of a major decline in the gold production of Canada. And, never mind what not too brilliant ideas the hon. member for Comox-Alberni (Mr. Gibson) may have expressed on this subject some time ago, the production of gold in Canada is, under our present system, a matter of some concern.

Under the terms of the act which is being extended, Mr. Speaker, it will not be possible for the minister to extend assistance to properties whose production runs below 50 ounces a year. The small producer of gold is found more often in placer mining than in lode mining, but at the same time there are also properties which make from small production of gold low profits during their initial period, particularly if they are fortunate enough to find a little vein on the property which lends itself to high-grade ore. I realize that there might be some grave difficulties in administering the act if there were not to be a limit on how small the property must be that might be assisted.

I am not going to go into the question of whether or not 50 ounces is a proper level, but I am going to use this opportunity to urge the minister and the government in some way, either under this act, or in other ways, to be of assistance to the prospector who, after all, is the backbone of the mining industry and always will be. Without him, there would never be any Hollinger, any Dome, any McIntyre, any Premier, any Bralorne, any major mining producer of any description.

Mines—this is of course a platitude—are in their very nature a wasting asset. To maintain the mining industry you have to keep on bringing in new properties. This can only be done through the prospectors, and so, both in the interest of the country itself and in fairness to the little man, the little prospector, the little operator, I would ask the minister and the government to give some thought to these suggestions.

Mr. J. A. Simmons (Yukon-Mackenzie River): I should like to say just a few words in support of the resolution before us. As all hon. gentlemen are aware, the fixed price of gold and the mining costs of operations have placed the industry in a precarious position. The present fixed price is the big problem, and it is to be hoped that the government can set in motion some definite action which will result in a price commensurate with the cost of producing it, so that the operators can stabilize their position and look forward with some degree of confidence in planning future operations which are so necessary to the future of gold mining areas throughout the constituency I have the honour to represent.

It would be a great contribution to the national economy of Canada if something could be done to restore the gold mining industry to its former status and level. But the way it now stands the subject is bound up with international and economic intricacies. One concern, I believe, is that the Canadian government is not in a position to take independent action as a member of the international monetary fund.

We welcome the extension of the type of assistance given under the Emergency Gold Mining Assistance Act, but this can be considered only as a temporary expedient. Unless some permanent solution can be found, I am afraid the industry can only look forward to a steady decline. The operators throughout my constituency feel great concern and doubt the adequacy of the proposed measure to meet the needs of the industry.

Gold has been pegged at $35 an ounce in United States funds since 1934, and I believe it is the only commodity produced in Canada which still sells for the 1934 price. We would like to see it increased in price to the same extent as other commodities have increased since 1934.

The fixed price, coupled with rising costs, constitutes a threat to many producing gold

mines, and to the employees and their dependents, as well as to the communities, especially in outlying areas where the mines provide sole support. This threat applies in practically every gold mining centre in Canada, and it is plain to see why the industry feels grave concern and doubts the adequacy of the assistance to be provided to meet the needs of the industry.

Mr. Speaker, I cannot stress too strongly the urgent need of stabilizing the position of the gold mines, so that operators can undertake with confidence the future planning which is so necessary to successful mining operations, and which will result in immediate contributions to the national economy of Canada.

Unless assurance of continuity of operation over a long-range period is forthcoming, I am afraid the industry will be confronted with an even more serious crisis threatening the continuation of these important operations which are so essential to the economy of Canada.

The situation is serious; and unless something is done to alleviate the uncertainty, so that the operators can look forward to the future with some degree of confidence and assurance—rather than gloom and despair—the gold mining industry will surely decline.

I feel confident that the Minister of Mines and Technical Surveys (Mr. Prudham) is sympathetic to the problem, and will do everything possible to remedy and assist the gold mining industry.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, I think the house should welcome this opportunity of giving some consideration to the position of the gold mining industry. This is the first time this subject has been under discussion at the present session. Since it was last discussed a year ago two events of considerable importance have occurred: first, on September 28, 1951, when the international monetary fund took action in freeing members with respect to the marketing of so-called non-monetary gold, and then the decision taken by the Canadian government which issued on October 7, 1951, new regulations with respect to the marketing of that same commodity, the so-called non-monetary gold.

The position of the gold mining industry and what the gold mining industry has meant in the development of the economy of this country has, it seems to me—and I say this with respect—never been adequately recognized either by the government or by the House of Commons. Gold is still what it has been for a long time, the one universally accepted medium of international exchange. It is sought today by all nations of the world, Russia included; and for Canada it has still a place of very great importance in our total economy.

The fundamental problem faced by the gold mining industry in this country is the problem of rising costs on the one hand and a fixed price for their product on the other—a price that has remained fixed for eighteen years, without change, while costs have risen at an alarming rate. Here we have one commodity singled out by governmental action not only on a national but on an international scale as one on which the price should be fixed, while it has been the policy of the government not to countenance price control in respect of any other commodities.

Let me say at once with respect to the decision taken by the government last October, which issued in the order in council and regulations which appeared on October 7, that I think it was a commendable decision. It was a step in the right direction. I cannot say that it was more than a step in the right direction; but so far as it went it was a constructive improvement.

This bill arises to some extent out of a conflict of government policy, it seems to me. The bill itself, like its predecessors, is only a stopgap measure. It is the application of an artificial expedient to a situation which calls for a long-term and constructive solution. We are still faced with a hand-to-mouth treatment of a problem which is very deep-seated, and which calls for the application of the utmost intelligence both in the house and on the part of the government.

Undoubtedly, in the three years during which it has been in operation, this Emergency Gold Mining Assistance Act has been the means of keeping alive certain producing mines on a hand-to-mouth basis. But the development work in the great Canadian northland has been virtually arrested. We saw a year ago when the amendments of 1951 were under discussion that the amount of aid provided by this measure had been reduced year by year, and that the number of mines which would qualify for assistance under the act was also being reduced.

The search for gold has been the forerunner of much of the development of the great northland of this country. The searchers for gold, in effect, in many great areas of this country, have been the pioneers. The search for gold has led in turn to the discovery and later to the production of base metals and to other economic developments.

The situation confronting the gold mining industry today is so serious that that trend has been reversed. Virtually no development work is going on in the search for gold. At the present time the development

work is directed rather to the search for base metals. Perhaps in a measure not experienced by any other industry in Canada, this industry has been faced during what are regarded as good times with the full effects of a depression. This has arrested the development of an industry which in times past has meant much to the development of the economy of this country.

There are many who do not like to think back to the days of the depression, but it would be well for us all to recall that in those days there was one industry which was assured a market for its product and which contributed effectively and on a large scale to keeping the wheels of industry going. That was the gold mining industry. Who can say that the day may not come when we may be glad to look to the gold mining industry with an assured market for its product to help to carry the load of the economy of this country?

How has this depression in the industry affected those who look to it for livelihood? The fact is that the production of gold in this country, even under the present measure, declined last year as compared with the previous year. Canada is not producing quite as much gold as she did prior to 1950. The minister has not yet indicated the results in 1952 of the order in council of October 7. It will be interesting to know what results in respect to production can be traced to the decision taken on October 7 as reflected in the order in council issued on that day.

What have been the results of the order in council of October 7? Putting it broadly, the effect was to provide a market for so-called non-monetary gold or gold of 22 carats of fineness or less at a price which yields approximately $3 per ounce more than the price paid for gold marketed for monetary purposes through the Bank of Canada. We have not been furnished with figures as to the proportion of the gold production of Canada which is marketed under the order in council as compared with that marketed for monetary purposes through the Bank of Canada, but I have seen figures which indicate that approximately one-third of the gold production has been marketed under the terms of the order in council of October 7.

At the same time the gold mining industry has had to contend with another problem arising out of the fact that the Canadian dollar has been appreciating in terms of the United States dollar. A price of $35 per ounce in United States funds actually yields something less than $35 per ounce in Canadian funds. This has had a damaging effect upon the prosperity of the mines and those who depend upon the mines for a livelihood, whether through direct employment or through living in communities which owe their economic livelihood, yes, their economic survival to the prosperity of the gold mines.

Certain it is that there has been as yet no revival of development work. In examining these regulations and the order in council of October 7 one might say that there are serious shortcomings to be found. The regulations introduce a great deal of rigidity. The assistance afforded by opening up a market for so-called non-monetary gold was on the basis of a choice by the producer as to whether he would market his output under the terms of the order in council of October 7 or under the terms of the Emergency Gold Mining Assistance Act. That choice carried him along a year at a time.

I submit that much of the benefit that might have flowed from the opening up of a market for this so-called non-monetary gold of 22 carat fineness or less was lost by reason of that rigidity. In the seven months during which the new system has been in operation several shortcomings have developed. I do not need to repeat what was said this afternoon by the hon. member for York West (Mr. Adamson) in his able speech, but I do suggest that within the general scope of the type of regulation now in effect there is much room for improvement. In the first place the producer should be allowed to make his choice as between the two methods of marketing, not on an annual basis but on a quarterly basis so that he might see where his advantage lies on a shorter term basis than is presently possible.

In a recent speech J. Y. Murdoch, president of Noranda Mines, who is entitled to have his observations in connection with this field treated with respect, referred to this new method of marketing as follows:

> I do feel that for greater effectiveness and in order to encourage more mines to forgo "cost-aid", the present regulations could be improved. As it now stands, once a gold producer elects to sell in the free market it must continue to do so for the remainder of the calendar year. This provision makes it difficult for certain mines to properly appraise the situation and decide what is best for them to do. In all fairness, as it is solely a matter of administration I would strongly advocate that arrangements be made to permit the mines to "elect" each quarter.
>
> If certain gold mines which have elected to sell their production in the present limited free world market are to continue and others encouraged to do so, some of the obstacles which they face will have to be smoothed out.
>
> For one thing, it should not be necessary to add copper to refined gold in order to obtain an export permit. This is an unnecessary delay and expense. It is no secret that about 90 per cent of the gold so debased and exported is promptly refined again to remove the copper and hence it brings a lower

price than would otherwise obtain. The cost of debasing and refining, with consequent delay, is, of course, borne by the producer.

Further, I would urge our government to allow the private ownership of gold in Canada, either by Canadians or by foreigners. I believe that nationals of other countries would welcome the opportunity of owning gold in safe-keeping in Canada as a hedge against inflation, as well as protection against devaluation or total collapse of their own paper money, which they have so often suffered from in the past, and the prospect of an ultimate increase in value. But first, it would be necessary to rescind the provisions of the Bank of Canada Act and the Currency Act whereby the government has the power to compel the surrender of gold at the now obsolete price of $20.67 per ounce. I doubt very much if our government would ever attempt to enforce this surrender but the power is there, however out of step with the times it may be. It would surely be wholly logical for a country such as ours, with its great potential gold production, to permit its citizens the right to buy and own gold. In all probability this would lead to the establishment of a healthy gold market in Canada.

I realize that such moves on the part of the Canadian government would not be enthusiastically received by the international monetary fund and the United States treasury, both of which evidently wish to keep gold out of private ownership and to hold the price near $35 for the time being at least. But Canada, with its rather unique position in world affairs and its great potential gold production, is in a position to take such action and I sincerely hope that Ottawa is already working on these matters.

One hears frequent reference to the imminence of a "higher price for gold"; or, as it should be expressed, a revaluation of gold in terms of depreciated currencies. As I stated last and this year, such a revaluation must come inevitably, and if it be accompanied by unhampered movement and ownership of gold, it will bring about a gradual and realistic revaluation of the world's currencies and so pave the way for the removal of restrictions and fixed rates of exchange. These latter measures were forced upon us by the upheaval of normal world trade during the war, but every effort should now be made to allow the natural interplay of supply and demand to take control once more. However, I am convinced that governments will not take these steps until forced to do so by public demand. Canada has led the world in the removal of wartime restrictions and now is the time for her to move in the direction of restoring gold to its proper and traditional role as the only universal medium of exchange and measure of value.

That extract from the speech of Mr. J. Y. Murdoch I think is an utterance that is entitled to respect in this house. I commend it to the government as containing recommendations of the type of policy that the government ought to follow and ought to proclaim in the house.

I pause only briefly to comment on one or two other matters in connection with this subject. When speaking on this subject in the house on June 18 last year I drew attention to the fact that the exchange reserves of the Canadian government were to a dangerous degree in the form of United States dollars and not to a sufficient extent in the form of gold. I suggested at that time that Canadian gold was a much better hedge than United States dollars. It is gratifying to find that in 1951 the Canadian government moved in the direction then recommended. At December 31, 1950, the exchange fund account and the Bank of Canada held gold to the extent of $580 million and United States dollars to the extent of $1,144,900,000. At December 31, 1951, that situation had been corrected to the extent that the exchange fund account and the Bank of Canada held gold to the extent of $841,700,000 and United States dollars to the extent of $899,500,000. I think that is a move in the right direction.

What is required now with respect to gold is a serious attempt on the part of the house to address itself to finding a long-term and complete solution. The present measure while necessary is certainly no solution. At best it is only a stopgap, hand-to-mouth emergency measure. So far as the international monetary fund is concerned, I have said in the past that the fund and our hopes concerning it were built upon certain premises that were written into the preamble of the fund which certainly have not been realized in the experience of the world in the intervening six and a half years. I think we must recast our thinking with relation of the efficacy of the international monetary fund.

It has become largely an instrument of fiscal policy on the part of the United States government, and in this particular that fiscal policy has run counter to the interests of Canada as a leading world producer of gold. In that situation it seems to me that the duty of the government and of parliament is to put first the interests of Canada as a gold producer. We should call upon the government to seek to remedy the type of policy that has characterized the operations of the international monetary fund thus far or to make it quite clear that this country is not going to be able to continue to give support to the fund if its policies are going to run counter to the interests of Canada.

In addition, it seems to me that the government should be called upon now by the house to take energetic measures to bring about an increase in the effective world price for gold. I mentioned a moment ago that the price has been reduced lately by reason of the appreciation of the Canadian dollar in terms of the United States dollar. I am not unmindful of the difficulties in this respect. I have in my hand an Associated Press dispatch from Washington which anticipated by a matter of three weeks the change of policy announced on September 28 by the international monetary fund. On

September 7 the secretary of the treasury of the United States, Mr. John Snyder, said that the United States would oppose any effort to lift the price of gold above the $35 an ounce level that has prevailed since 1934. Therefore, Mr. Speaker, I am not underestimating the difficulties, but I do submit that the government must address the most strenuous efforts of which it is capable to seeking an increase in the world price for monetary gold. If that increase cannot be brought about by reason of intransigence on the part of the United States government, then other steps will have to be taken by this government to ensure for the Canadian gold producer an adequate price for his product, which is not available today.

The United States today holds $22 billion of gold of which $16 billion are needed for backing their currency. It seems to me that the Canadian government ought to take this problem to Washington without delay. It should state a policy designed to bring about by concerted action an increase in the price of gold. The alternative will be that Canada will have to seek more freedom to allow gold to reach its true value according to the law of supply and demand in the world. We ask the minister therefore, what is the government's policy in this respect? What representations has the Canadian government made to the international monetary fund in this respect? What efforts has the Canadian government made to enlist the support of the United States or other governments for an increase in the price of gold? What is the government's policy? A subsidy is made necessary in the present situation by reason of the failure to act in the direction of a long-term solution, but a subsidy cannot be regarded as a sound policy for anything more than a short period to meet an emergency.

This emergency does exist. Until effective measures of the kind I have been indicating have been taken, I suppose we will have to limp along with measures of this kind. At the best this type of measure supplies only an artificial expedient. It is an inadequate makeshift stopgap. It is discriminatory in its effects, and at the very best it is only partial in its remedial effects. I repeat what I submitted to the house last year, that the time has come when parliament must address itself seriously to a re-examination of the whole position of gold and of Canadian policy with respect to it.

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, I wish to add only a few words to what has been said, principally to underline the point made by the hon. member for Eglinton (Mr. Fleming) that the measure before us does not really purport to deal in any way with the situation except as a palliative. Surely it is clear, as has been set out here this afternoon, that the gold industry has been through the decades—one might even put it longer than that—a very great asset to the country. In the 1930's it was one of the sheet anchors. It seems to me what is put before us is neither one thing nor the other. I was thinking of that well known remark by Churchill, which has been widely circulated. He was said to have asked the name of one of his backbench supporters. When he was told the name was Bossom he said, "Funny name; neither one thing nor the other." It seems to me that exactly describes this measure. It is not going to solve the problems of our gold mines. It is going to enable them to keep their heads comfortably below water, not above it. It does not really deal with the situation. Therefore I just wish to express the hope that when the minister comes to reply, these strong criticisms which have been made will be dealt with in an adequate manner, with some indication given of the real judgment and intention of the government on this point.

Mr. G. M. Murray (Cariboo): Mr. Speaker, the province of British Columbia was created as the result of mining developments in the Cariboo country, where gold was produced in large quantities. So I would not be fair to perhaps 2,000 voters in my riding if I did not say a word this afternoon in support of the measure now before the house.

I do not want to wander into the international sphere of monetary reform, because I would be in the greatest danger of getting beyond my depth. But it is really encouraging to hear members of all parties saying a good word for this legislation. Some of our friends over on the left do not speak that way out on the hustings. Some of them say we can get along without gold at all, that it is a wasteful product totally unnecessary in our fiscal system; that you can make money by using a fountain pen judiciously. Another of our friends over there is a follower of the late Karl Marx, who of course despised gold and directed most of his campaign against those who controlled gold in the world's markets. But we are realists in Canada; we know this great industry. Gold mining is also concerned with the defence of the country. Certain nations opposed to us have vast quantities of gold and silver, and are daily adding to those hoards. We could not do anything more useful to the economy of this country than increase our production of gold.

This subsidy will assist to a certain extent; it is a step in the right direction. If we think we can pay our debts in world markets with

mere scraps of paper, with the world in the shape it is today, we are making a great mistake. Our reserves of gold held by the Bank of Canada, and to our credit by other banks, make our position very strong.

To get back to my own district, those who have developed gold mines there have made a great contribution to the development of the province. I think of one young man, out of dozens who could be mentioned, who financed the Pioneer mine. He was Colonel Victor Spencer, a veteran of the first war, who during the dull days of the thirties brought into operation a mine in the Bridge river valley which has employed hundreds of men at very good wages. By bringing that mine into operation he created a whole string of new industries; he brought about new demands for goods; he gave employment to all kinds of people, and was largely responsible for the extension of highways. The Pacific Great Eastern railway, about which we hear so much in British Columbia, is flourishing today largely because of the development of the gold mines at Bridge river, at Barkerville and at Wells, because these mines require great consignments of heavy hardware, heavy machinery, explosives, food supplies and so on. They are purchasers of trucks, automobiles, gas shovels, and all those machines required to carry on modern mining.

There was a time in the history of this country when people, reading of a new strike in the newspapers, turned over the paper feverishly to find out where the good news came from. Today, of course, the word "strike" has a more sinister meaning, and I regret that very much. But I will say this—and I am looking now at the hon. member for Kootenay West (Mr. Herridge)—that I do not think you will ever be able to pay a working miner too much. It is very easy for us to stand here and extol the merits of gold, to urge legislation along certain lines and so on. The men we should thank are those who go down into the bowels of the earth and often risk their lives working under very dangerous conditions, despite all our modern safety devices. They bring to the surface the gold, silver, lead, copper and other mineral products which have made British Columbia the strong and prosperous province it is today.

There is one suggestion I would venture to put forward. I think we are neglecting an opportunity in this country if we do not coin more of our metal. On the Pacific coast when I first went there the $20 gold piece issued by the United States mint was in common circulation. I would like to see Canada mint certain gold coins, especially in the year ahead as an honour to our sovereign. Then Canadians with their pockets well lined with $20 gold pieces would be able to cross over there and share in the honour of crowning the sovereign. I think also as routine business we should coin more silver. I think our troops over in Korea—

Mr. Deputy Speaker: Order. The coining of money does not come within this resolution; therefore I would ask the hon. member not to refer to that subject.

Mr. Murray (Cariboo): Then I will move the adjournment of the debate. That will give me a chance to conform to your ruling more accurately.

Motion agreed to and debate adjourned.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we will take up Bill No. 93, to amend the Export and Import Permits Act. Then we will go into supply and consider estimates of trade and commerce and defence production.

Mr. Green: In that order?

Mr. Fournier (Hull): Yes.

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

HOUSE OF COMMONS

Thursday, May 15, 1952

The house met at three o'clock.

THE LATE KING GEORGE VI

ACKNOWLEDGMENT OF ADDRESS TO HER MAJESTY QUEEN ELIZABETH II AND OF MESSAGE OF CONDOLENCE TO HER MAJESTY ELIZABETH THE QUEEN MOTHER

Mr. Speaker: I have the honour to inform the house that a message has been received from Her Majesty the Queen, signed by her own hand; also a message from Her Majesty Elizabeth the Queen Mother, signed by her own hand.

Buckingham Palace

Members of the Senate and of the House of Commons of Canada:

I have received with deep appreciation the address which you have presented to me.

I am sincerely grateful for your kindly sympathy in the loss that I have sustained through the death of my dear father.

I greatly value the assurances of your loyalty and of your support which you have given me on my accession to the throne, and it will be my continual endeavour to be worthy of them.

Elizabeth R.

30th April, 1952.

Buckingham Palace, S.W.1.

Members of the Senate and of the House of Commons of Canada:

I thank you warmly for your message of condolence.

Holding, as I do, the most vivid memories of our visit to Canada, the many expressions of sympathy which I have received from all parts of your great country have especially touched me, and I deeply appreciate this further sign of your thoughts and your affection.

Elizabeth R.

8th May, 1952.

RAILWAYS, CANALS AND TELEGRAPH LINES

Fifth report of standing committee on railways, canals and telegraph lines.—Mr. McCulloch.

BEEF AND PORK

SALES OF CANADIAN MEAT TO THE UNITED KINGDOM—EXCHANGE OF NEW ZEALAND BEEF AND PORK TO UNITED STATES

Right Hon. J. G. Gardiner (Minister of Agriculture): Mr. Speaker, before motions are proceeded with I should like to complete the statement which I made last Friday with regard to an agreement between the United Kingdom, New Zealand and Canada with respect to meat:

On Friday last, I announced to the house that an agreement had been reached between the governments of the United Kingdom, New Zealand and Canada whereby Canadian meat will be shipped to the United Kingdom in exchange for New Zealand beef and pork which will in turn be sold through normal commercial channels in the United States.

Further progress has now been made in these negotiations and it has been agreed among the three governments that the difference between the United Kingdom contract price for New Zealand meat and the price derived from selling New Zealand meat on the United States market shall be shared equally between New Zealand and Canada. The New Zealand share will be used for buying additional meat in Canada which will be shipped to the United Kingdom. The equivalent value in sterling of this additional meat will be paid to New Zealand by the United Kingdom. The Canadian share will be used to offset, to some extent, the loss to the Canadian government that will be incurred under the terms of the original agreement.

In this further step in the arrangements, all three governments will benefit. New Zealand will derive higher returns for her meat. The United Kingdom will obtain more meat, and Canada is getting an enlarged market for her surplus meat.

For the information of the house I may say that shipping space has been arranged for 600,000 pounds of meat to go forward at an early date and by the end of this week an additional 6,000,000 pounds will have been contracted for and arrangements are being made for regular shipments.

STRAIT OF CANSO CAUSEWAY

LETTING OF TENDER TO VANCOUVER COMPANY

Hon. Lionel Chevrier (Minister of Transport): Mr. Speaker, I have an announcement to make respecting the subject of the Canso project.

Preliminary work is proceeding rapidly for the construction of the causeway across the strait of Canso. This important engineering work is being undertaken by the federal government and the province of Nova Scotia and has reached the stage where tenders

have been called for the rock-fill. The magnitude of this undertaking is better appreciated when it is realized that something like five million cubic yards of rock will have to be quarried, transported and dumped in the building of this rock-fill.

On Tuesday the Department of Transport received nine tenders from various contracting firms, ranging from slightly under $6 million to almost $10 million. The tenders submitted have now been carefully examined with a view to prices, equipment to be supplied and quarry location.

The lowest bid submitted was that of Northern Construction and J. W. Stewart Company, Limited, of Vancouver, at the price $5,786,650. A submission to council authorizing the acceptance of this tender has been approved by the government and immediate steps will be taken to enter into a contract with the successful bidder.

PRIVATE BILL

REFERENCE OF PETITION TO COMMITTEE ON STANDING ORDERS

Mr. G. T. Fulford (Leeds): Mr. Speaker, I move, seconded by the hon. member for Kingston City (Mr. Henderson):

That the petition for a private bill to incorporate the Ogdensburg bridge authority presented on May 14, 1952, together with the report made thereon by the clerk of petitions on May 15, 1952, be referred to the standing committee on standing orders for such recommendations as may be deemed advisable in relation to standing orders 92 and 93(3) (a) and (c).

Motion agreed to.

FIRST READING—SENATE BILL

Bill No. 225, to incorporate the Hotel Mutual Insurance Company.—Mr. Welbourn.

QUESTIONS

VISCOUNT ALEXANDER—TERM OF OFFICE AS GOVERNOR GENERAL

Mr. Pouliot:

1. What was the date of assumption of office of Viscount Alexander of Tunis as governor general of Canada?

2. Was his term extended, and if so, what was the date of the first communiqué announcing the extension of his term of office?

3. Did the Imperial Order Daughters of the Empire and Children of the Empire (junior branch) write to the government to suggest or recommend the extension of Viscount Alexander's term of office?

4. If so, was it before or after the communiqué above referred to was issued by the government?

Mr. St. Laurent:

1. Lord Alexander of Tunis was appointed governor general on March 21, 1946. He assumed office on April 12, 1946.

[Mr. Chevrier.]

2. There is no statutory provision or regulation fixing the term of office of the governor general, but the duration of his appointment has usually been for approximately five years. Lord Alexander's term was extended, and the date of the first announcement concerning his extension was October 28, 1950. Lord Alexander's term was again extended in October 1951. The date of that announcement was October 26.

3 and 4. There is no record of the Imperial Order Daughters of the Empire and Children of the Empire (junior branch) suggesting or recommending the extension of Lord Alexander's term of office, but the national president of the order did, on both occasions on which His Excellency's term was extended, write to the prime minister commending the action of the government in recommending the extension.

NATURAL GAS—SURVEY OF RESOURCES

Mr. Nickle:

1. Have Dr. George S. Hume and Alexis Ignatieff of the Department of Mines and Technical Surveys prepared any survey of western Canada's natural gas resources, since publication in July, 1950, by the geological survey of Canada, of their "Natural Gas Reserves of the Prairie Provinces?"

2. Has the government considered the merits of having available a continuing, completely up-to-date detailed survey of natural gas resources of the prairie provinces, plus British Columbia, the Yukon and the Northwest Territories?

3. If so, would the government instruct Dr. Hume and Mr. Ignatieff to make such a survey without delay, and to revise natural gas reserve estimates from time to time in line with new gas discoveries, and further evaluation of presently known gas areas?

Mr. Prudham: The answer to the first section of the question is no.

In regard to the second and third sections of the question the Department of Mines and Technical Surveys published a joint report by Dr. G. Hume and Mr. A. Ignatieff in July, 1950, on the natural gas reserves of the prairie provinces. This has generally been recognized as a valuable and authoritative report.

It is the intention of the Department of Mines and Technical Surveys to issue further reports when possible. A report of this kind entails a great deal of careful research. Such work is complicated by rapid new development and changing conditions. Therefore, I am not able at this time to give a definite commitment as to when the next report will be issued.

UTILIZATION OF BITUMINOUS SANDS

Mr. Nickle:

What progress has been made over the past year by the national research council and by other

scientists in the Department of Mines and Technical Surveys in matters related to the bituminous sands of northeastern Alberta, with particular reference to economic mining of the sands, separation of bitumen from the sand, and processing of bitumen into usable products, and any other progress towards utilization of the bituminous sands?

He said: I wish to withdraw this question, for purposes of re-wording.

Mr. Speaker: Dropped.

Questions

ALBERTA POST OFFICES

Mr. Thomas:

1. Were there any post offices closed in Alberta, during the fiscal year 1951-52?
2. If so, what were the names and locations of same?
3. Why were these post offices closed?

Mr. Cote (St. Jean-Iberville-Napierville):

1. Yes.

2 and 3. See statements below.

PERMANENT CLOSINGS

Name of Office	Date of Closing	Location	Reason for Closing
Fitzsimmons	April 21, 1951	SE. ¼ Sec. 22, Tp. 73, R 3, W 6 M	Limited usefulness
Homeglen	May 22, 1951	SE. ¼ Sec. 16, Tp. 44, R 1, W 5 M	Establishment of Bluffton R.R. No. 2
Norton	May 25, 1951	NE. ¼ Sec. 27, Tp. 10, R 4, W 4 M	Limited usefulness
Padstow	May 7, 1951	SW. ¼ Sec. 14, Tp. 56, R 8, W 5 M	Limited usefulness
Val Soucy	June 15, 1951	NW. ¼ Sec. 34, Tp. 57, R 21, W 4 M	Limited usefulness
Spring Park	Aug. 11, 1951	NE. ¼ Sec. 23, Tp. 57, R 6, W 4 M	Limited usefulness
Analta	Sept. 28, 1951	SE. ¼ Sec. 14, Tp. 62, R 25, W 4 M	Unable to secure postmaster
Sylvester	Sept. 6, 1951	NW. ¼ Sec. 19, Tp. 69, R 11, W 6 M	Unable to secure postmaster
Snug Cove	Sept. 29, 1951	NW. ¼ Sec. 20, Tp. 65, R 9, W 4 M	Limited usefulness
Makepeace	Oct. 26, 1951	SE. ¼ Sec. 8, Tp. 23, R 19, W 4 M	Establishment of Cluny postal agency No. 1
Sylvan Glen	Sept. 27, 1951	SW. ¼ Sec. 27, Tp. 64, R 26, W 4 M	Limited usefulness
Meadowbrook	Nov. 27, 1951	NW. ¼ Sec. 36, Tp. 63, R 25, W 4 M	Limited usefulness
Green Glade	Oct. 2, 1951	SW. ¼ Sec. 16, Tp. 41, R 1, W 4 M	Limited usefulness
Lac Magloire	Dec. 21, 1951	NE. ¼ Sec. 9, Tp. 79, R 21, W 5 M	Unable to secure postmaster

TEMPORARY CLOSINGS

Name of Office	Date of Closing	Location	Reason for Closing
Muirhead	Nov. 12, 1951	SE. ¼ Sec. 22, Tp. 16, R 1, W 5 M	Unable to secure postmaster
Northern Valley	Jan. 15, 1952	SW. ¼ Sec. 5, Tp. 56, R 6, W 4 M	Unable to secure postmaster
West Vale	Mar. 1, 1952	SW. ¼ Sec. 30, Tp. 76, R 3, W 6 M	Unable to secure postmaster
Puffer	Mar. 14, 1952	SW. ¼ Sec. 28, Tp. 39, R 10, W 4 M	Unable to secure postmaster
Northbank	Mar. 31, 1952	NE. ¼ Sec. 23, Tp. 58, R 18, W 4 M	Unable to secure postmaster

TEMPORARILY CLOSED AND RE-OPENED

Name of Office	Date of Closing	Location	Reason for Closing
Poe	April 18, 1951 (Re-opened Oct. 1, 1951)	NW. ¼ Sec. 30, Tp. 49, R 16, W 4 M	Unable to secure postmaster
Retlaw	Sept. 26, 1951 (Re-opened Mar. 18, 1952)	SE. ¼ Sec. 9, Tp. 13, R 17, W 4 M	Unable to secure postmaster

STEAM RAILWAY LINES

Mr. Pouliot:

What is the length of steam railway lines in each province (a) per 1,000 inhabitants; (b) per 1,000 square miles?

Mr. McIlraith: (a) and (b).

Province	Steam Railway Lines		
	Single Track Mileage(1) Calendar Year 1950	Mileage per 1,000 Inhabitants	Mileage per 1,000 Sq. Miles of Land Area
Newfoundland	705	2·0	4·9
Prince Edward Island	286	2·9	131·0
Nova Scotia	1,397	2·2	67·3
New Brunswick	1,835	3·6	66·8
Quebec	4,795	1·2	9·2
Ontario	10,458	2·3	28·8
Manitoba	4,834	6·2	22·0
Saskatchewan	8,739	10·5	36·7
Alberta	5,643	6·0	22·7
British Columbia	3,890	3·3	10·8
Canada(2)	42,582	3·0	19·8

(1) Statistics as to mileage are exclusive of second, industrial, yard, and siding trackage.
(2) Exclusive of Yukon and the Northwest Territories.

QUESTIONS PASSED AS ORDERS FOR RETURNS

ARMED FORCES—CONTRACTS FOR NECKTIES

Mr. Lennard:

1. How many contracts were let for neckties for the defence forces, during the period from January 1, 1951, to May 1, 1952?

2. How many ties were contracted for, and at what price?

ARMED FORCES—CONTRACTS FOR SUITCASES AND TRUNKS

Mr. Lennard:

1. How many contracts were let for suitcases and trunks for the defence forces, during the period from January 1, 1951, to May 1, 1952?

2. How many of each, and at what price?

ARMED FORCES—CONTRACTS FOR BERETS, ETC.

Mr. Lennard:

1. How many contracts were let for berets, caps or other forms of head covering for the defence forces, during the period from January 1, 1951, to May 1, 1952?

2. How many were contracted for, and at what price?

[Mr. Cote (St. Jean-Iberville-Napierville).]

ARMED FORCES—CONTRACTS FOR COATS

Mr. Lennard:

1. How many contracts were let for the defence forces between January 1, 1951, and May 1, 1952, for (a) raincoats; (b) waterproof coats; (c) greatcoats?

2. How many of each were contracted for, and at what price?

ARMED FORCES—CONTRACTS FOR TEXTILE FLOOR COVERINGS

Mr. Lennard:

1. How many contracts were let for rugs, carpets and other textile floor coverings for the defence forces, between January 1, 1951, and May 1, 1952?

2. What were the amounts of the contracts?

3. What were the quantities and the nature of these floor coverings in each contract?

ARMED FORCES—CONTRACTS FOR LEATHER FOOTWEAR

Mr. Lennard:

1. How many contracts for defence leather footwear were let from January 1, 1950, to April 15, 1951?

2. What were the amounts of these contracts?

3. To whom were they let?

4. How many pairs in each contract?

FEDERAL DISTRICT COMMISSION—ACQUISITION OF PROPERTY

Mr. Aylesworth:

1. During the past two years, what lands or buildings have been acquired by the federal district commission in (a) city of Ottawa; (b) county of Carleton; (c) county of Russell; (d) city of Hull; (e) county of Hull; (f) county of Gatineau, giving legal description and total acreage of the property in each case?

2. From whom was such property acquired?

3. What was the total price paid to the vendor or any other persons in respect to the acquisition of each such property?

4. For what purpose, either present or future, was each such property acquired, and to what use is each such property presently being put?

5. At the present time, has the federal district commission any agreements of sale or options for the acquisition of other property or has it commenced expropriation proceedings for the acquisition of other property in any of the aforesaid cities or counties?

6. If so, what is the legal description and total acreage of each such property?

7. From whom is each such property to be acquired?

8. What is the total price payable to the vendor or any other person under any such agreement of sale or option in respect of the acquisition of each such property?

9. What is the total price which has been offered to the owner of any such property in respect of which expropriation proceedings may have been commenced?

10. For what purpose, either present or future, is each such property to be acquired, and to what use will each such property be put?

NATIONAL DEFENCE

IRREGULARITIES AT PETAWAWA—PROGRESS OF INVESTIGATION

On the orders of the day:

Mr. D. S. Harkness (Calgary East): Mr. Speaker, I should like to ask a question of the Minister of National Defence. Is it a fact that Mr. George S. Currie, who was appointed to conduct an inquiry at Petawawa, is now in Europe? If so, is the inquiry proceeding, and when may a report be expected?

Hon. Brooke Claxton (Minister of National Defence): The inquiry is proceeding now, and has been proceeding since the day after he was appointed. Members of the staff are at work in Ottawa and elsewhere. They are engaged in collecting information, making checks, and otherwise continuing their investigation. I asked a senior partner of the firm today when we could expect a report, and he said he was not in a position to say.

Mr. Donald M. Fleming (Eglinton): May I repeat that part of the question asked by the hon. member for Calgary East (Mr. Harkness) which was not answered by the Minister of National Defence, and inquire where Mr. Currie is now. May I also ask what part Mr. Currie has played up to date in the investigation and what part he will have personally in the report which it is expected will be made.

Mr. Claxton: I am sorry, I thought I had answered the first part of the question but now that the hon. member calls my attention to it I find that I did not. Mr. Currie is in England. He started the investigation by giving instructions to his partners on the way in which it should be carried on. They have since been carrying on with the investigation. Mr. Currie indicated to me that it will be some time before the information necessary for him to make his report will be collected by them. This is the way in which chartered accounting and legal firms frequently work on operations of this size. Mr. Currie will return in time to make full use of the information obtained so that he may complete his study and make a report. It will be his report on the basis of his own study of the information.

Mr. Fleming: Does the minister happen to know when Mr. Currie will return to Canada?

Mr. Claxton: No.

OATS

QUESTION AS TO INTERIM PAYMENT

On the orders of the day:

Mr. H. R. Argue (Assiniboia): I should like to ask a question of the Minister of Trade and Commerce. Can he say whether an interim payment on oats will be made by the Canadian wheat board? If so, when can producers anticipate receiving the payment?

Right Hon. C. D. Howe (Minister of Trade and Commerce): An interim payment on oats was not made at the time interim payments were made on wheat and barley, for the reason that a very small proportion of anticipated deliveries had been made at that time. The situation has not changed materially since. Deliveries are still a very small proportion of the expected. The summer market for oats is a dangerous market, as I said when discussing the subject in the house a few days ago. I doubt if an interim payment can be made until the end of the crop year. But an interim payment will be made as soon as the board can be reasonably assured that a payment can be made without danger to the solvency of the pool.

WHEAT

INTERNATIONAL WHEAT AGREEMENT—PROGRESS OF LONDON DISCUSSIONS

On the orders of the day:

Mr. A. Earl Catherwood (Haldimand): I should like to ask a question of the Minister

of Trade and Commerce. In view of the report a few days ago that negotiations were deadlocked or broken off between representatives of 46 nations attending a conference in London to discuss the renewal of the international wheat agreement, would the minister care to make a statement as to whether any progress has been made?

Right Hon. C. D. Howe (Minister of Trade and Commerce): The meeting of the representatives of 46 countries was held in London to discuss the extension of the international wheat agreement. All matters affecting the agreement were explored, and it is felt that some of the ancillary problems should be settled before final discussion on the maximum and minimum prices would take place A continuing committee was appointed to deal with the ancillary problems and the meeting will be arranged later in this calendar year to discuss the most important problem which of course is to determine the maximum and minimum prices for the further period of the agreement.

Mr. Diefenbaker: What are the ancillary matters that are to be discussed?

Mr. Howe: Delivery points, carrying charges and a considerable number of other points.

Mr. Coldwell: Will the expected meeting be held before the beginning of our crop year?

Mr. Howe: No. The present agreement extends until August, 1953, so there is no urgency.

LAKE ONTARIO

INQUIRY AS TO REPORT ON LAKE SHORE EROSION

On the orders of the day:

Mr. Gordon Graydon (Peel): I should like to direct to the Minister of Public Works a question which may concern also the Minister of Resources and Development. Have they anything to report to the house with respect to the investigation being conducted into shore erosion in lake Ontario?

Hon. Alphonse Fournier (Minister of Public Works): As Minister of Public Works I have no further report to make. Perhaps my colleague has something to say.

Hon. Robert H. Winters (Minister of Resources and Development): Mr. Speaker, several days ago a delegation including members of the Ontario government discussed with me the high levels of water in the great lakes which have occurred this year as a result of unusual conditions. I told them that circumstances were such as to make it difficult for either government to deal with the matter, that the high water levels were beyond our control. Since that time the Canadian government has agreed to participate in a reference to the international joint commission to enable that body to study the reasons for the high water levels. That information has been communicated to the government of Ontario.

ROYAL CANADIAN AIR FORCE

INQUIRY AS TO PROCEDURE NECESSARY FOR HOSPITALIZATION

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): I should like to ask a question of the Minister of National Defence in connection with James Farthing referred to in a Canadian Press dispatch today which states that this man had to return from Vancouver to Trenton in order to get his papers. What is the rule of the R.C.A.F. which makes necessary that type of apparent bureaucratic bungling?

Hon. Brooke Claxton (Minister of National Defence): I saw the press report and have asked for a report on it. Until it is received, I am not, nor is the hon. member, in a position to make any comment on the expression "bureaucratic bungling." I suggest that if he was returned to Toronto for treatment it was for some reason quite other than that suggested of putting him together with his papers.

BEEF

INQUIRY AS TO ACCEPTANCE OF BEEF FROM MANITOBA FOR SHIPMENT UNDER AGREEMENT

On the orders of the day:

Mr. J. A. Ross (Souris): I should like to ask a question of the Minister of Agriculture with respect to his announcement about the United Kingdom-New Zealand-Canada beef agreement. Is it a fact that under that agreement beef will not be accepted for shipment to Great Britain from Manitoba while the provincial embargo exists against the importation of beef into that province?

Right Hon. J. G. Gardiner (Minister of Agriculture): I do not think any such decision has been reached by anyone, but the fact is that for the time being beef is being taken out of Alberta and Ontario. I understand that the present position is that Manitoba is killing its own beef and no beef from anywhere else. I would understand from that that they are able to consume their own beef within the province and supply a limited outside market. They are not killing any from outside Manitoba and most of what usually did pass from Winnipeg on to other parts of

Canada and outside resulted from the surplus cattle from outside Manitoba slaughtered in Winnipeg.

EXPORT AND IMPORT PERMITS ACT

TIME LIMIT FOR PROSECUTIONS—FIXING OF MAXIMUM FINE

Right Hon. C. D. Howe (Minister of Trade and Commerce) moved the second reading of Bill No. 93, to amend the Export and Import Permits Act.

Mr. G. J. McIlraith (Parliamentary Assistant to the Minister of Trade and Commerce): Mr. Speaker, this is a rather simple bill. As the act now stands prosecution can be taken either by way of indictment or summary conviction in the case of alleged offences, with a different penalty in each case. If proceedings are taken by way of summary conviction the maximum penalty is $500; if the proceedings are taken by way of indictment the maximum penalty is $5,000.

Another consequence of that distinction is that if proceedings are taken by way of summary conviction under the Criminal Code the charge must be laid within six months of the commission of the offence. The purpose of the bill is to permit proceedings by way of summary conviction in all cases and to provide that in all cases the maximum penalty will be $5,000. It is being provided also that in case of proceedings by way of summary conviction the proceedings may be commenced within twelve months of the commission of the offence.

In other words, the effect of the bill will be to lengthen the period within which proceedings by way of summary conviction may be commenced from six to twelve months and to increase the maximum penalty in those cases from $500 to $5,000. Offences under the act are likely to involve investigations in other countries and it has been found that the six months' period is too short.

Export permits cover strategic materials and the amount of money involved in any transaction is likely to be quite substantial. A maximum fine of $500 might be quite small in relation to the amount of the transaction involved. I do not think that there is anything more I can usefully add in explaining the bill.

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, I have no desire to make any general comments on the bill. As the parliamentary assistant has said, it is quite simple. I have some questions to ask with regard to the operation of the act but these can be asked more conveniently in committee.

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

Export and Import Permits Act

On section 1—*Time limit.*

Mr. Macdonnell (Greenwood): Will the parliamentary assistant make a brief statement as to the operation of the act, and in particular will he indicate to what extent there has been some change due to the passing of the years in the chief purpose for which the act has continued to be used? When it was passed five years ago I think we hoped that by now we would have moved into a period when controls would not be needed so much. There have been frequent minor changes, as indicated by orders in council that have been passed, and I would be grateful if the parliamentary assistant would give us a short résumé of the situation indicating the chief reasons which require the controls in operation at the present time. For example, as I read the reports of operations for 1950 and 1951 it would appear that there has been an easing up as between us and the United States. I give that as an illustration of one of the changes that have taken place. I should like to have a brief general statement.

Mr. McIlraith: Practically all the changes have been by way of removal of items from control so that we are now in a situation where export control is virtually limited to the control of strategic materials of one sort and another. Perhaps if I indicate the nature of the items under control it will be apparent what the trend is. The items under import control now are iron and steel, untanned shearlings, sulphur, butter and recently livestock. Import control on meat was recently imposed. The hon. member will see that the list under import control is very small.

Export controls are applicable to a considerably larger number of items, something in the order of 270. Incidentally, the precise list is published in the regulations which are available to all members. When you look at these items it will be seen that they are mainly of a strategic nature. For instance, if you take the heading, "non-metallic minerals, chemicals and their products" you may find approximately 60 or 70 different items in that category. It is really only the subheadings that are important. They are all items having to do with defence preparedness and involving short supply. In a few cases they have to do with preventing Canada being used as a back door for the export of goods from the United States. There may be some items where the United States has export control but not against Canada, and if we did not have export controls on those few items it can be seen that Canada could easily be used as a back door for the export of these United States items.

There are a few of these, but the main significance of export controls now has to do with destination of area control. The list of areas to which export permits are required is also published. The purpose of area controls is self-evident and I do not need to deal with it. Certainly it is fair and proper comment to say that the items that were under control in the early years of this legislation have practically all disappeared from the list except those kept under control for the reasons I have mentioned. For instance, I can tell the hon. member that in 1944 and 1945 there were approximately 1,100 items under export control.

Mr. Macdonnell (Greenwood): Then it would be correct to say, I take it, that the purpose of the act has changed somewhat radically and, instead of its being necessitated by reason of ordinary trade controls, which was the purpose of its passing, it is really the dealing with strategic materials that has now come to be its chief end.

Mr. McIlraith: That is a fair statement.

Mr. Macdonnell (Greenwood): Could one go further and say that if we move into a situation where strategic materials cease to be scarce the act to that extent would be less needed, or would you say that even then you would have to make use of it in order to prevent materials from getting to certain countries? Would that be an element still?

Mr. McIlraith: Yes. The area factor is still very important even though the reason of scarcity of materials disappears.

Mr. Macdonnell (Greenwood): Parliament authorized the naming of certain areas or countries. In other words, it authorized discrimination between one country and another. At the end of the 1951 report there is the following:

> This general permit allows described non-essential items to move freely to all destinations with the exception of North Korea, Hong Kong, China, Macao, Manchuria, Mongolia, Sinkiang and Tibet . . .

I am surprised to see Hong Kong included there. This concerns non-essential items and I take it they are not strategic materials. I take it these are essentially what are stated to be non-essential items. I should like to ask two questions about Hong Kong. First of all, is it a country, which I think is the word used in the act? Second, why is it treated in this manner?

Mr. McIlraith: I understand that Hong Kong is not treated in that manner now. It was included at the time because the United States had export controls there at that time. It is not treated as these other countries listed by the hon. member, but permits although more freely issued are still required because of the danger of transshipment.

Mr. Macdonnell (Greenwood): If it were not for the words "non-essential items" I could understand why these countries are included, but why do we need to restrict in the case of what are called non-essential items? It says that non-essential items move freely to all destinations with the exception of those I have read.

Mr. McIlraith: I think it should be obvious why these non-essential materials are not being sent to North Korea today.

Mr. Macdonnell (Greenwood): Yes, I agree.

Mr. McIlraith: We have excepted Hong Kong. As for the other countries, we would have to discuss each one specifically. It is quite apparent that even non-essential materials should not be sent to North Korea today. You come to the point where you have to discuss each country or area specifically. I have said that Hong Kong is not included now in the list of areas to which this provision applies.

Mr. Macdonnell (Greenwood): Let me change my question slightly. Does this mean we have no trade relations of any kind with these other countries by way of export or import?

Mr. Howe: Perhaps I could say a word about this matter because I have been concerned with the program. We meet with the United States commercial authorities at least once every three months and discuss the strategic implications of the situation. We follow a joint policy with the United States for the reason that we are a North American country, and any regulations in Canada different from those in the United States could easily work to defeat the United States provisions. In other words, goods that could not be shipped from the United States might well be shipped to Canada and be re-exported from here. To stop that sort of thing we have parallel arrangements which change from time to time as the joint committee decides in the light of strategic considerations.

The report that my hon. friend has in his hand was a report prepared at the outbreak of the hostilities in Korea or shortly thereafter, when there was a great deal of transfer between areas. The object at that time was to keep available material from getting into the hands of the North Koreans. We do no business at all with red China. We do no business at all with Russia. We do business with Czechoslovakia in certain non-essentials, and with other satellite countries of Russia.

Russia and China are the principal areas now which are under tight area control.

Mr. Macdonnell (Greenwood): I would have understood fully what the minister said about strategic considerations and co-operation with the United States if it were not for use of the word "non-essential". Am I misunderstanding the word—

Mr. Howe: Non-essential to whom?

Mr. Macdonnell (Greenwood): That is what I am asking.

Mr. Howe: Non-essential to Canadians perhaps, but they may be highly essential for a country to use for warlike purposes.

Mr. Macdonnell (Greenwood): May I make the comment that it seems to me that this is not a very fortunate word. By the way, this is the report for 1951 to which I am referring. It presumably goes to the end of 1951; it is not, as the minister said, dated much earlier. However, I am not going to press the matter. I just make the point that it does not tell its own story. I think the minister has cleared the matter up, except that I think the word "non-essential" is just a bit misleading.

Section agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

SUPPLY

The house in committee of supply, Mr. Beaudoin in the chair.

DEPARTMENT OF TRADE AND COMMERCE

General administration—

441. Departmental administration, $617,795.

Mr. Charlton: Is the minister going to make a report to the committee on the trade position?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Chairman, perhaps I might make a few introductory remarks. The activities of the Department of Trade and Commerce during the last year were largely conditioned by the changes in the economic situation we have experienced. I reviewed economic developments in Canada when I participated in the debate on the speech from the throne on March 14, 1952. I said then:

> The demand for Canadian output should, in general, be well sustained by the continuing high level of capital investment, by export demand for most of our staple products and by defence preparations.

I observed that there was "no reason to anticipate either inflation or depression" in 1952. Events since then have brought further evidence supporting this view. The supply situation with respect to a number of strategic materials has improved. Inflationary pressures have subsided. The cost of living index turned down in February of this year, recording in the last three months a decline of about three points. The cost of living is now back to about where it was last August. In other words, during the last three months consumer prices have been declining at twice the rate they were rising in the preceding six months. A further substantial drop in the cost of living index is in sight for the month of May.

The latest data we have show that employment in industry is up 2 per cent.

Mr. Macdonnell (Greenwood): From when?

Mr. Howe: From a corresponding date last year.

Payrolls are running now about 15 per cent above last year. In spite of weaknesses in some sectors, retail sales have been higher by 3 per cent in the first quarter of this year as compared with the same period last year.

As to investment, we are continuing with our record program of some $5 billion, or almost 10 per cent higher in value terms than last year's capital expenditures. Construction activity is particularly strong in the defence, industrial, public utility, and resources development sectors. Even in such fields as housing where activity was notably lower towards the end of last year, some improvement is indicated. For example, starts in cities and towns with population of 5,000 and over in March and April, 1952, reached about the same level as in corresponding months a year earlier. The best information we can obtain on the housing program suggests that starts this year may be a little lower than in the year 1951 as a whole but higher than the low level experienced towards the end of last year and at the beginning of this year.

In the trade field, recent events have also borne out my earlier remarks made to this house. Hon. members will recall that I took issue with the view expressed by opposition members that Canada was losing the British market. Trade figures for the first quarter of this year show that exports to the United Kingdom were 37 per cent higher than in the corresponding period of 1951. Exports to other sterling area countries were up 54 per cent. Our exports to Europe and Latin America have climbed even more notably. Our sales to the United States are up slightly.

One other interesting aspect of our trade picture is that for the first quarter of this year Canada has had a favourable balance

of commodity trade while a year ago we were running a deficit. Altogether developments so far point to another record year for Canadian trade and one in which exports and imports may be in better over-all balance.

The trends which were evident in both our external trade and our domestic economy suggest that Canada is emerging from a period of initial adjustment to a defence program to one where supply and demand are in better balance, with a consequent easing of the pressure on prices. In the home market underlying demand remains strong, bolstered by a vigorous resources and industrial development program and a rising level of defence expenditures. As for our customers abroad, there are indications that even where currency difficulties exist, many of Canada's basic export commodities are too urgently needed to be dispensed with. The outlook therefore is for a further rise in the level of employment, income, and output.

In this period of adjustment the Department of Trade and Commerce has helped in three ways. In the first place, shortly after the war broke out in Korea we started building up in the Department of Trade and Commerce a number of units to look after some aspects of the defence production and material allocation program. With the formation of the Department of Defence Production on April 1, 1951, these units were transferred to the new department. This helped us materially to put the new organization together in a short space of time.

Secondly, the department has carried on with its effort to assist in the expansion of Canadian trade, both exports and imports. The great emphasis on this phase of the work by the department is in line with the government's view that, in spite of the importance of defence preparation, special attention must be given to our trade relations with other countries. A high and diversified level of exports and imports continues to be a vital prerequisite to the nation's well-being.

Departmental representatives participated in the trade conference at Torquay which began in September, 1950, and lasted until April, 1951, and took an active part in the sixth session of the contracting parties to the general agreement on tariffs and trade in Geneva during September and October, 1951. A considerable number of trade discussions were carried on with individual countries, the United Kingdom, other parts of the British commonwealth, the United States and a number of European, South American and Asiatic countries.

[Mr. Howe.]

Thirdly, the Department of Trade and Commerce has continued to assist domestic industry. Activities cover a great variety of aspects, from assisting business firms facing supply and market problems to encouraging foreign manufacturers to establish plants in Canada, from negotiating with Canadian suppliers for products to be shipped to India and Pakistan under the Colombo plan to making arrangements for Canadian participation in industrial fairs abroad and particularly in organizing the Canadian international trade fair. The fair this year will be held in Toronto from June 2 to June 13. We have already had an indication that this year's fair will be bigger than any of our earlier fairs, and that Canadian industry will be participating to a greater extent than ever before.

As to details of the activities of each branch of the department, they may be found in the annual report of the Department of Trade and Commerce for the calendar year 1951, tabled this day. Copies will be made available to hon. members as soon as they are received from the queen's printer, probably within the next few days.

Mr. Charlton: Mr. Chairman, I am sure we were all very interested in the report the minister gave us on trade conditions in Canada today. It is most urgent and most important that we take a great deal of time and interest in studying this situation as it is. For years our most stable market for agricultural products has been the United Kingdom. I want to give a brief historical sketch of what has happened to those products we have sent to Great Britain, Mr. Chairman, and the position in which we are today with regard to those products.

In 1938 we supplied 27·5 per cent of the total British imports of barley. By 1951 we had lost this market to Russia, which is now the largest supplier. In so far as oats are concerned, in 1938 we supplied 93·9 per cent of the total British imports; in 1945, 96 per cent; in 1946, 72 per cent; in 1947, 92·9 per cent; and by 1948 we had lost this market to the iron curtain countries, chiefly Russia, and the sterling countries. In 1938 we supplied 254·5 thousand cwt. of beans which was 24·3 per cent of the total British imports. By 1951, we had lost this market. In 1945 we supplied 43 per cent of the total British imports of beef. We lost this market largely to the Argentine Republic and found an alternative market in the United States which has since been closed to us as a result of the outbreak of foot-and-mouth disease in Canada. This is the most recent example

of how our present pattern of export trade, important as it has been in the past, can be shut off overnight.

In 1938 we supplied 18·1 per cent of Britain's bacon imports. This market for Canadian bacon was built up tremendously during the forties, as is evidenced by the fact that in 1945 we supplied 83 per cent of the total British imports; in 1946, 73·5 per cent; in 1947, 74·4 per cent; in 1948, 70·1 per cent; and in 1949 we started to lose this market to Denmark, Poland, The Netherlands. By 1951 Canada supplied only 16,048 cwt., out of a total British import of 4,426,138 cwt., while Poland supplied 730,166 cwt., Netherlands 695,267 cwt. and Denmark 2,953,-355 cwt. Our percentage of this market now is considerably below the pre-war level of 1938. In 1938 we supplied 34 per cent of the total British import of ham. This market was steadily built up until in 1947 we supplied 78·5 per cent.

In so far as cheese is concerned, Canada has long been the large supplier to the British market. In 1938 we supplied 23·2 per cent of the total British import. This market was built up until in 1945 we sold 1,004,945 cwt. or 31 per cent of the total British imports. There has been a steady decline in the sales of cheese on this market until today our reduced export of 234,568 cwt. out of a total importation of 3,884,865 cwt. is further threatened. During the forties Canada built up quite an export market for poultry in the United Kingdom. In 1947 we supplied 107,479 cwt. or 18·2 per cent of the total British imports. We have now lost this market and iron curtain countries such as Poland and Hungary have become the substantial suppliers.

In 1945 Canada supplied 56 per cent of the British imports of shell eggs and 26 per cent of their dried eggs. In 1948, we supplied 79·8 per cent of their dried egg imports, 20·5 per cent of their imports of frozen eggs and in addition 29·1 per cent of their whole egg imports. This market has been lost to Poland, China and the sterling countries. In the case of condensed milk, in 1938 Canada supplied 56·6 per cent of Britain's total imports. This market has been lost to the sterling countries and The Netherlands. In 1938 Canada supplied 42·5 per cent of the total United Kingdom imports of fresh apples. This market was built up by Canadian producers to as high as 69·2 per cent of the total British imports in 1946. In 1948 we lost this market entirely, largely to sterling countries and to some European countries. In 1949 efforts were made to regain this market in view of the heavy surplus of apples in Canada, and our exports to Britain amounted to 513,145 cwt. of their total imports of 1,763,757 cwt. or about 29 per cent. In 1950 our exports to this market increased to 880,443 cwt. of their total imports of 2,349,081 cwt. or over 37 per cent. In 1951 the total British imports of apples increased to 3,885,093 cwt.; but imports from Canada dropped to 484,664 or about 13 per cent of their total imports. Today that market, or what is left of it, is again threatened.

In the case of canned tomatoes, prior to the war, Canada had developed a considerable market for canned tomatoes in the United Kingdom, and we supplied 176,034 cwt., or 19 per cent of their total imports. This market for canned tomatoes was gradually built up until 1946, when we supplied 515,931 cwt. or 47·3 per cent of their total imports. In 1947 we commenced to lose that market largely to Italy and other foreign countries in the sterling area. The market is now lost absolutely to Canadian producers.

In the case of canned salmon, in 1938 the Canadian fisheries industry enjoyed a considerable export outlet for canned salmon in the United Kingdom market, and we supplied 155,679 cwt., or about 14 per cent of their total imports. This outlet was developed considerably as an export outlet, when in 1949 Canada supplied 82 per cent of Britain's total imports. In 1948 British imports of canned salmon from Canada were reduced, while their imports from foreign countries were increased. In 1950 our total exports to the United Kingdom of canned fish of all classes totalled only 84,465 cwt. of a total British import of 603,528 cwt., or less than 14 per cent. In 1951 we were able to increase the total exports of all kinds of canned fish to the United Kingdom market to 143,666 cwt. of their total imports of 378,650 cwt. Today this outlet market is again threatened.

In the case of pit props, an export market for pit props in the United Kingdom is of particular importance to the maritime provinces. In 1945 we supplied 9,954 piled cubic fathoms of their total imports of 161,121, or over 55 per cent. By 1946 we had increased this to 217,474 of their total imports of 458,989. In 1947 we supplied 207,640. In 1949 we commenced to lose this market when our exports dropped to 165,393, although the total British imports had jumped to 558,433. In 1950 we practically lost this market, when our exports fell to 8,179, while the Scandinavian countries, Poland, Germany, Yugoslavia and Russia became the chief suppliers.

In 1951 we were able to increase our exports of pit props to the United Kingdom to 51,082,

or about 13 per cent. The future of this market, so important to the maritimes, is now questionable.

In the case of lumber, softwoods, sawn but not further prepared, prior to the war the Canadian lumber industry had built up a valuable export market in the United Kingdom. This market was further built up in the years immediately following the war as evidenced by the fact that in 1946 Canada supplied 319,573 standards of United Kingdom total imports of 689,279. In 1947 we supplied 475,065 of their total imports of 1,129,065. By 1950 the Canadian exports to the United Kingdom had fallen to 115,456 when total British imports were reduced to 749,078. In 1951 total British imports amounted to 1,576,381, and imports from Canada more than doubled when they increased from 115,456 to 371,637. Just how much the announced reduction of £600 million in British imports in 1952 will affect this valuable Canadian export market has not been made clear so far. The records indicate, however, that in 1950, when Britain was faced with her last dollar-sterling crisis, and imports of lumber were shifted to soft currency currencies, including the Soviet union, the reduction in total imports bore a direct relationship to reduction in imports from Canada.

In 1938 Canada had export markets for 16,093,611 pounds of tobacco in the United Kingdom. In 1950 our total exports to this market were 15,838,955 pounds or slightly below the pre-war level. In 1951, however, Canadian tobacco marketing boards were able to sell 21,673,652 pounds of tobacco in the British market. However, on January 30 of this year the British government announced drastic cuts in British food, tobacco, and other imports. The Ontario tobacco industry has been informed that Britain plans to reduce flue-cured tobacco purchases in 1952 by 75 per cent, the result of which will be to reduce our export market considerably below the 1938 pre-war level.

The above sixteen examples of important segments of Canada's export trade to the United Kingdom have been checked with published accounts of trade and navigation of the United Kingdom, as tabled in the British House of Commons, and standards used are British measure. All comparisons were made on a basis of volume of trade in each case so that inflated prices in the last two years would not give a false impression of increased exports resulting therefrom.

While it can be reasonably argued as inevitable that our export trade in most agricultural products would sooner or later revert to pre-war levels, the trade figures for 1951 now show that our export trade in the most stable market we had, namely, the United Kingdom, has fallen below the pre-war level of 1938.

Today, with Britain facing the most serious financial and trade crisis in her history, Canada, as the only dollar member of the commonwealth, finds her markets facing a most serious threat.

Our exports to the United Kingdom in 1951 of barley, oats, beans, bacon, ham, cheese, poultry, condensed milk, canned tomatoes, apples, canned salmon, are all below the pre-war level of 1938, while our export outlet for softwoods in the United Kingdom was only slightly above the 1938 level in 1951 and was considerably less than half of it in 1950.

Our 1938 pre-war export market in Britain for tobacco amounted to 16,093,611 pounds. In 1950 our exports fell slightly below this figure, 15,855,955 pounds, but jumped again in 1951 to over 21·6 million pounds.

On January 30 last, Britain announced a 75 per cent cut in 1952 for tobacco imports. This will have a very serious effect upon Canadian tobacco producers already confronted with reduced domestic markets as a result of the increased tax placed on cigarettes and cigarette tobacco in the Abbott budget of 1951.

Our cheese exports to Britain, which in 1951 fell below the 1938 pre-war level, are now subject to further serious reductions in 1952 as indications now are that Britain will not renew her 1951 contracts with Ontario cheese producers.

United States as an alternative market in 1952 is not very promising. Canada, along with other countries, has been endeavouring since last August to have that country rescind their ban on imports of dairy products, applied under an amendment to their defence production act, contrary to the international obligations assumed by the United States as well as Canada and other countries under the Geneva agreement on tariffs and trade.

It must be admitted that our export market in Britain for eggs in either shell or processed form was largely a wartime export which we could expect to lose because the water content of eggs did not warrant long distance transportation and dried eggs are a relatively low priced product.

The same argument could be advanced for our loss of the British market for condensed milk, on the ground that the water content of this product could stand the long freight haul in wartime but not peacetime, although

trade figures show we did supply 56·6 per cent of total British imports of condensed milk in the pre-war year 1938.

The same argument could not be advanced, however, in the case of our export trade in apples where this has been largely a trade between Britain and Nova Scotia based on a cheap water haul.

In short, while it must be admitted that wartime levels of export trade or even moderately reduced levels were largely dependent upon Canada's post-war competitive position being more favourable than pre-war, the serious problem confronting Canadian producers in 1952 is not the maintenance of wartime levels of British export trade outlets or even moderately reduced levels; it is the fact that the level in 1951 has fallen below the pre-war 1938 level and even this low level is further threatened in 1952.

When this very serious threat to our export markets is brought to the attention of the public, the government says, in effect, "nonsense" and points first to some alternative markets found in the United States and then proceeds to say all is well—our gold and dollar reserves are substantially the same as they were—this is just Tory propaganda.

Nevertheless these facts go unanswered:

1. True, our dollar and gold reserves are substantially what they were before we started losing these markets, but were it not for the heavy inflow of capital into this country our loss of exports with which to pay for our imports would be taking Canada down the road towards a crisis.

The heavy inflow of capital cannot be expected to continue indefinitely and should not be considered as a permanent and satisfactory solution.

2. History of trade has shown that similarity of production in Canada and the United States often results in their having a surplus when we have a surplus production, for which we seek export markets only to find they have raised their tariff or utilized some other device to exclude us from their domestic markets.

Indicated serious loss of Canadian export markets in the United Kingdom, presently at levels below those of pre-war, and further threatened in 1952—coupled with the unstable alternative outlets found in the United States which are also gradually being lost to Canadian producers and are further threatened in 1952, makes this question of Canadian export trade, upon which one out of every four Canadians depends for a livelihood, a matter of urgent national importance.

A review of Canadian export trade figures since 1946 clearly indicates the dangers involved in the present pattern of Canadian trade. Our exports to the United States have risen from 38 per cent to 65 per cent of our total exports while those to the United Kingdom declined from 26 per cent to 15 per cent.

The increase in exports to the United States is largely attributable to the fact we are exporting to that country Canadian raw materials, in the unfinished or semi-processed state, and for which there is a world demand. The continuation of this policy of exporting employment is detrimental to the standard of living in this country and contributes materially to retarding our development as an industrial nation.

The decrease in exports to the United Kingdom since 1946 not only reflects the falling off in wartime levels of export trade or even the moderately reduced levels which it was reasonable to expect, but in many cases they have fallen considerably below the 1938 pre-war levels and in the case of a number of products have been lost entirely to Canadian producers.

Our export trade to the United Kingdom last year showed an increase over the previous year—$638 million as against $472 million. This can be attributed to the following reasons:

(a) Accelerated demand arising from the British rearmament program;

(b) Increase in prices of about 14 per cent;

(c) Efforts of the dollar-sterling board.

This improvement in 1951 is now seriously threatened by:

(a) The announcement by the Minister of Trade and Commerce on January 23, 1952, that sales from Canada to Britain under the United Kingdom token import scheme will be cut 25 per cent from last year.

(b) The announced import cuts of 500 million pounds sterling by the British government for 1952 to which must now be added the additional 100 million pounds sterling announced in the British budget presented in the British parliament on March 11 last.

Today we are confronted not only with a further loss of United Kingdom export outlet markets, but practically the entire sterling area which conducts roughly one-half the world's trade.

For the year 1952 this bloc which includes 64 countries has announced drastic cuts in imports chiefly from dollar areas. Of the commonwealth, all countries but India, Pakistan, Ceylon and Burma have already announced drastic measures to curtail imports. These countries have refrained so far on the ground that their standards of living now are at such a level that it is impossible to further curtail imports.

Cuts in imports announced by Australia are expected to total between 400 and 500 million pounds sterling and will directly affect Canadian exports to that market which totalled $49·1 million in 1951.

New Zealand, to whom Canada exported goods to the value of $21·8 million last year, has announced the cancellation of all licences for dollar imports and that new applications will be carefully scrutinized.

South Africa—Canadian exports to South Africa in 1951 were valued at $52·7 million, showing an increase of $10 million over the previous year. The announcement recently that imports will be confined to one-third of the consumer goods imported last year will seriously affect this Canadian export trade outlet.

Our total exports to commonwealth countries—excluding gold—which last year amounted to $872 million as against $655·1 million in 1950, are now seriously threatened.

Import cuts have been announced by all these 64 countries with the four exceptions mentioned above. This action is not specifically aimed at Canada, although as a dollar country our export markets will suffer materially in the year ahead. The action was taken as a first aid device by these countries as they tackle the money problems with which they are now confronted.

Canada by her contributions to post-war financing Britain gambled heavily on the future of sterling. We still need that sterling market which accounts for about 50 per cent of the world's trade. Rather than leave the Canadian economy vulnerable to economic fluctuations or political tariffs in the United States, or allow ourselves to drift into the position of having only the United States bidding for Canadian products, this country should initiate action now to set up the machinery for a complete study of commonwealth trade possibilities, within the confines of our international obligations under existing trade arrangements.

With regard to primary products, particularly agricultural products, export markets are essential as a means of disposing of surpluses, which, no matter how small they may be in relation to total production, allowed to remain unsold depress prices out of all reasonable proportions. As evidence of the recognized seriousness of undisposable surplus production we have by legislation provided for floor prices under agricultural products. Even this, however, is not a satisfactory substitute for export markets, for the floor price set is usually at a level where the government hopes it will have as little of the product as possible left on its hands.

[Mr. Charlton.]

Canada is a member of the commonwealth just the same as Britain, Australia, New Zealand, South Africa, or any other country within that association of nations.

We have every right to sit down with these countries now in an effort to devise means whereby we can work out our mutual salvation in matters of trade.

The present policy of drift now followed by the present government is wholly inadequate to meet present challenges. We have paid dearly for this policy in the past and action should be taken now before this whole trade situation explodes in our face.

The record of this government is strewn with incidents where action recognized as necessary was delayed until the situation became so bad that public reaction forced resolute action. This happened in the case of:

(1) Outbreak of foot-and-mouth disease in western Canada;

(2) Sale of illegal passports by officials of the department of immigration. This was first mentioned publicly over a year ago when the minister promised to look into it. Action was not taken until a few months ago, and even yet the extent of this bribery has not been disclosed.

This pattern of drift is clearly evident in regard to trade. We are losing our export markets to such a degree that even the Minister of Finance (Mr. Abbott) frankly admitted it when he said on February 1 last, as published in the Toronto *Star* of February 2, that Canada's foreign markets have now shrunk to such an extent that sales of raw materials, such as were requested from Canada by the North Atlantic Treaty Organization committee set up prior to the Lisbon conference, are vital dollar earners which help Canada toward balancing her trade with United States.

This policy of drift, until a situation becomes so serious it practically explodes in their face and public opinion forces the government to act, is true with regard to Canada's export trade today. We are losing our traditional markets and the tempo of these losses is accelerated as the months go by. This is not only reflecting in pockets of unemployment across this country, but many of our major industries are now threatened. Real concern is now felt by our primary producers as to where markets will be found for this year's crop. Other industries, such as lumbering, pit props and related products already see the distress signals flying although these apparently go unnoticed by the government most responsible.

The answer given by Mr. Howe in the House of Commons on March 12 last that a

commonwealth trade conference was unnecessary because there was a commonwealth finance ministers' conference in London in January is wholly unsatisfactory. In the first place, the Minister of Finance, who represented Canada at that conference, rightly or wrongly created the impression he was there largely as an observer, Canada being the only dollar member of the commonwealth at a meeting called to deal with a sterling crisis. Further, that was a finance ministers' conference held without the advice of trade experts available to the countries represented.

A commonwealth trade conference should be called for the purpose of dealing with matters of trade designed towards unblocking existent channels of trade and development of new ones geared to expansion now under way within the commonwealth, and not for any specific purpose a minister of finance would or could serve. If the commonwealth means anything it means we could sit down in conference and review the whole trade situation as it has developed since the war. Already too many valuable years have been wasted without the necessary action being taken while our traditional markets are being closed to us.

While the deal arranged between New Zealand, United States, Great Britain and Canada for beef is a step in the right direction, it will not take care of the surplus we will undoubtedly have this year. It is imperative therefore that the government do everything possible to try to regain our former position in the United Kingdom market. While it is not desirable that we should gain through the misfortune of one of our sister nations in the commonwealth, if reports are true of an unusual drought in Australia it might be to the mutual advantage of the United Kingdom and this country for Canada to make every effort possible now to supply the British market.

Mr. Howe: We have just listened to a political speech so full of inaccuracies that it should be answered immediately. The hon. member says that we have lost our British markets. I stated that sales to Great Britain were up 37 per cent last year over the previous year.

Mr. Charlton: In dollars.

Mr. Howe: In volume as well as in dollars. The sales for the first three months of this year are up at least 25 per cent over the sales for last year. If my hon. friend would like to have figures, I have them here.

Mr. Charlton: I have them too.

Mr. Howe: Why not interpret them correctly?

Mr. Charlton: I made the statement that your figures were not based on volume; that makes a difference.

Mr. Howe: The total value was related to volume.

Mr. Charlton: If the minister would give the volume and not the price it would present a different picture.

Mr. Howe: I will give the figures for the first three months of this year as compared with last year.

Mr. Macdonnell (Greenwood): In volume?

Mr. Howe: How can my hon. friend expect volume in over-all trade. If my hon. friend will just consider the difference in price between last year and this year, which is just fractional, he will compare the results.

Mr. Macdonnell (Greenwood): Then do not pretend that the hon. member is inaccurate because he gives the volume, which is the most sensible way to give it.

Mr. Howe: Here is the comparison between the first three months of this year and the first three months of last year, showing our sales to different countries:

	First three months 1951	First three months 1952
United Kingdom	$113,000,000	$154,000,000
South Africa	8,900,000	15,380,000
Australia	8,448,000	15,286,000
New Zealand	2,300,000	6,178,000

So we have lost our British market. I never heard such nonsense.

Mr. Macdonnell (Greenwood): You have not questioned a single figure the hon. member gave.

Mr. Howe: I never heard such a distortion of facts in my life.

Mr. Charlton: On a question of privilege, I should like to ask the minister how many pounds—

The Chairman: That is not a question of privilege.

Mr. Howe: I am getting to the information; I am taking every item in my hon. friend's speech and turning it inside out to show the ridiculous nature of the situation.

Mr. Argue: How about farm products?

Mr. Howe: I am coming to that. I have the information for every country in the world.

Mr. Macdonnell (Greenwood): You said you were going to question the hon. member's figures.

Mr. Howe: What figures?

Mr. Macdonnell (Greenwood): The figures he gave you. You have not questioned one yet.

Mr. Howe: He said we had lost the market for beef.

Mr. Charlton: We had lost it until this last deal.

Mr. Howe: Why? We find that in New Zealand beef for Great Britain is put on board ship at fourteen cents per pound, whereas in Canada it is put on board ship under the present floor prices at forty-eight cents per pound. Why have we lost the British market for beef? It is because our farmers do not wish to raise beef for market at fourteen cents per pound delivered at seaboard. What about pork? Why have we lost the market for pork?

Mr. Charlton: We have lost it, have we?

Mr. Howe: I did not say that. Why are we not shipping? Because Great Britain can buy it in New Zealand at twenty cents; they can buy it on the continent at twenty cents, but our farmers think that they should get twenty-six cents a pound. Under the present floor prices our farmers have been getting at least that for some time. If my hon. friend wants to put the Canadian farmer, which I assume he does, in competition with farmers on the continent, in Australia and New Zealand for that market on a price basis—it must be on a price basis—then—

Mr. Charlton: Mr. Chairman—

Mr. Howe: I did not interrupt my hon. friend and I do not want him to interrupt me. My hon. friend speaks of the market for oats. Canada is not normally a large exporter of oats. Oats is a domestic crop. In a year of short crop it is all consumed in Canada. In a year of surplus crop we have the highest priced market in the world at our door. It has always been there, probably always will be there, and is a market that can take whatever surplus we have, be it large or small. The same is true of barley. We have a market at our door for barley. Sometimes we have a substantial quantity of barley for export and sometimes we have very little for export.

My hon. friend has spoken about the market for cheese. We had a very big market for cheese in Great Britain throughout the war. We practically supplied all the cheese that Great Britain used during the war. We had contracts up until last year for considerably more cheese than we could supply. Some years we did not supply 30 per cent of the cheese for which we had a contract with Great Britain. I do not know whether Great Britain considers Canada as a very reliable source of supply. We had been supplying it at a competitive price, but last year the Ontario producers went over to England and made a contract for a small quantity at a very high price, the highest price I think that Great Britain has ever paid for cheese. When this year came along the British said that they did not want any more cheese from North America. They had built up sources of supply elsewhere.

My hon. friend says that we have lost the British market for lumber. It is my impression that in the last year Great Britain has been buying all the lumber from Canada that Canada could supply. I know that a year ago they would have taken considerably more lumber than Canada then could offer.

Mr. Macdonnell (Greenwood): You have come to something at last that we have not lost. That is good.

Mr. Howe: Does my hon. friend think we have really lost the British market for anything? That is your story. You will stick to it and you will tell it on every platform, but it is totally untrue.

Mr. Macdonnell (Greenwood): Oh, no. No one said that.

Mr. Howe: We have sold more to Britain in the last twelve months than we have ever sold in the history of this country, war years or no war years.

Mr. Charlton: On dollar value?

Mr. Howe: On dollar value, tonnage or anything else.

Mr. Charlton: Not on volume.

Mr. Howe: On volume as well. Produce your figures on volume. You have not produced any so far. You have kept to a few fringe products that we sometimes sell to the United Kingdom, and always in small quantities except in the war years or immediate post-war years when markets were maladjusted. I could go over the list product by product. I would be glad to take any product that anyone would like to discuss, but the fact of the matter is that Canada has found markets somewhere for everything it could produce. We speak of canned tomatoes, and it seems we have lost the British market. We had a shortage of canned tomatoes no later than last autumn and throughout the past winter.

The hon. member says we have lost the British market for canned milk. I do not know where the market has come from but I know we have been able to sell every tin of canned or powdered milk this country has

been able to produce, and I have great confidence that we can do so in the future. I do not know just what the process would be if we were to tie ourselves to one market and take the price conditions of that market. Are we going to close out more profitable and more accessible markets? Is this country prepared as a matter of policy to say that we are going to supply England in any event and that any price that England is willing to pay will be the price for Canadian producers? Is that the policy my hon. friends are advocating?

Mr. Charlton: That is absolute nonsense.

Mr. Howe: How do we get beef into England when they are buying it at 14 cents a pound on the boat?

Mr. Charlton: Would the minister permit one question?

Mr. Howe: Yes.

Mr. Charlton: What happened to the promise made during the war years that if the farmers of Canada would sell at a lesser price than the world price the government would protect them with respect to future markets in Great Britain and make up the difference over and above the price the farmers had to take?

Mr. Howe: Is that the policy for which my hon. friend is asking?

Mr. Charlton: That was the policy promised by this government in the war years.

Mr. Sinclair: What page?

Mr. Howe: What page? My hon. friend has distorted the export picture so consistently that he has no idea of the policy of the government or the position of the farmers under the government policy.

Mr. Sinclair: He just has no ideas.

An hon. Member: Nothing up top.

The Chairman: Order.

Mr. Howe: As I say, the situation is that our exports for this year will be a record for any year in peacetime history, and I am referring to our exports of everything that Canada exports. It is true we have lost a certain market for certain products because of the inability of that country to afford to buy our products. Great Britain would like very much to buy Canadian canned salmon. It is popular but it is a higher priced food than other foods they are buying. It is considerably higher in price than the meat they are buying from Australia. They have said to us that they are sorry that they cannot afford our salmon. They may change their minds. That door has not been closed. That is the position today and it is purely on the basis of price. They just cannot afford that expensive food.

Mr. Charlton: We have still lost it though.

Mr. Howe: Well, lost—what does my hon. friend think we are going to do with the salmon, just leave it in the ocean or throw it away? We will sell it somewhere where they can afford to buy canned salmon.

Mr. Charlton: I said we had lost the market. You said we had not. Now you agree that we have.

Mr. Howe: I did not say we had lost the market. I said the situation in Britain was such that they could not afford to buy canned salmon this year. So far as cheese is concerned, they trifled with our small amount of Canadian cheese until the price has got too high for them. They do not want any more Canadian cheese at the moment.

Mr. Ferrie: Tory policy.

Mr. Charlton: Yet we import cheese from New Zealand.

Mr. Howe: Certainly we import. We are a trading nation. Will my hon. friend just subside? He must be sure he is wrong because he is so persistent in throwing my statement off balance. Let us not emphasize the effect of the foot-and-mouth disease, which it will take time to correct, but will my hon. friend admit that we have sold everything this country has produced surplus to domestic requirements over the past year, and at the best prices available in the world? Perhaps he will mention something we have not sold.

An hon. Member: Apples.

Mr. Howe: We sold the apple crop last year and sold it at a good price.

Mr. Charlton: There was a surplus of cheese last year and the foot-and-mouth disease had nothing to do with that.

Mr. Howe: That was all in the province of Ontario. The marketing of cheese was in the hands of the province of Ontario. A price of 36 cents a pound for cheese was set by the cheese co-operative and it was not possible to sell cheese at 36 cents a pound in any market in the world, and not even in Canada to the full quantity available. The production of cheese in Canada is just about equal to the consumption of cheese, and the best market for Canadian cheese is the market in Canada.

Mr. Charlton: Then why was there a surplus?

Mr. Howe: Because the price has been too high.

An hon. Member: Tory policy.

An hon. Member: The worst thing that could happen to Canada.

Mr. Howe: I do not know that I need to say any more, but I must say that we are now enjoying the greatest market in England we have ever had. My hon. friend referred to tobacco. We exported about $11 million worth of tobacco to England last year. England decided it could not afford to buy as much tobacco from North America. The cut-back on Canada was not as severe in proportion as the cut-back on the United States. The British are buying from Canada a proportion of the tobacco they bought last year. In the meantime they are using up the stockpile they built up in the United Kingdom. When that stockpile is consumed they propose to come back to North America for the usual tobacco requirements of the United Kingdom. Let us put that bugaboo at rest. I had a lot more to say—

Mr. Charlton: You cannot think of anything else.

Mr. Howe: I have listened to such a ridiculous statement by the hon. member. From end to end it is distorted. It is a political speech that is being recited on the platform. There is not an atom of truth in it.

Mr. Charlton: You have not disproved it yet.

Mr. Howe: Instead of losing markets we are shipping more to the markets we are supposed to be losing. As I say, we have markets for everything that Canada can produce. We have been able to find the very best markets in the world, and as a result the Canadian economy is at the highest point of prosperity it has ever reached in the history of the country.

Mr. Coldwell: Mr. Chairman, this is not quite the atmosphere in which one likes to rise for the purpose of discussing a problem of this description.

Mr. Howe: We will now have a little bit of sweet reason.

Mr. Coldwell: No; I do not know that you will. What I was going to say was this. The minister this afternoon has given us an optimistic forecast of the immediate future of trade and commerce in our country. I agree with him in this respect. Canada has been exceedingly fortunate in the post-war years. I think of the prognostications that were made by various officials of the Department of Labour, the Department of Trade and Commerce and by other departments of government, as well as economists in almost every country in the world, to the effect that in the post-war period we should face a severe depression which would test the rather vulnerable economy of Canada.

Mr. Hetland: What about the C.C.F.?

Mr. Coldwell: We simply repeated them.

Mr. Hetland: And believed them.

Mr. Coldwell: May I say that the prognostications that we gave were the prognostications that were given by the Department of Labour of this government, and by the outstanding economists all across the world.

Mr. Sinclair: By the Minister of Trade and Commerce?

Mr. Coldwell: Let me say this. What was it that changed the picture?

Mr. Ferrie: C. D.

Mr. Sinclair: C. D. Howe.

Mr. Coldwell: Just let me say this. I am not going to take from the Minister of Trade and Commerce any credit which is his due. I have a high regard for what the Minister of Trade and Commerce did during the war and for what he has done since the war. I am not going to say one word whatever to detract from that record. I am, however, going to say this. We were fortunate, and the Minister of Trade and Commerce was fortunate, because of what happened. We had UNRRA demanding goods and services that we could supply. We had the Marshall plan in which we were able to participate. Then, just as there was something in the nature of a slight recession falling upon the world, we had the regrettable outbreak of the Korean war and the demands of the new armament industries. Of course we now have had NATO and the demand for further raw material and so on.

All this has kept the economy of the North American countries at a high level of production. As long as this situation continues we are likely to see a high level of production. No one person can take credit for that situation. It was rather an unexpected windfall for the ministers of the governments that now enjoy the high level of prosperity in North America and elsewhere.

In his introductory remarks the minister referred to the decline in the cost of living. I think that a decline should be welcome; but let me point out again that the present decline in the cost of living is largely reflected in the loss of revenue in the agriculture industry. If we are going to have a fall in the cost of living, let it be a fall all the way round, so that its impact is not on one industry alone. Usually a decline in agriculture prices, thereby causing a fall in the cost of living, is a sign of some recession in the economy. I hope it is not so in the present instance. The minister

says employment is up and wages are up. The pockets of unemployment we had are fading out, it is true, and I hope that steps will be taken to see to it that, during the coming autumn and winter, pockets of unemployment are avoided everywhere in this country.

The minister says capital expenditure is up. Capital expenditure has increased tremendously in this country, in the United States and in other countries. I may say that I have seen writings in which there was expressed by economists who follow these matters closely—not only in the United States but in the United Kingdom and recently in the writing of a great French economist—some concern lest the world may be over-capitalizing and increasing capital equipment at too great a rate at the present time; and that with the entry into the productive field once again of Japan and Germany, unless these countries can find markets where they used to find them—Japan, for example in China, and Germany to the east as well as other parts of Europe where she finds it difficult to sell at the present time—we are going to find that there may be severe competition which may change the picture extensively.

When the Minister of Trade and Commerce was speaking the thought crossed my mind that it is easy to criticize opposition members from the ministerial benches because, after all, the ministers have research facilities which the rest of us lack. I only wish that we had at our disposal the research facilities for the obtaining of information that is available immediately to the ministers in discussions of this description.

I quite agree that trade is an all-important consideration in the Canadian economy. We as a country are a producer of goods in tremendous quantity. In our own country we could use more of some of these goods if our people could only get at them. But even if we were able to do that, the huge surpluses we can produce will have to be exported. I know the minister's department is an ably staffed one.

If I may digress for a moment, may I say that I was exceedingly sorry to note the other day the departure from that department of Mr. Max Mackenzie. I think he has been an outstanding public servant. I had the pleasure, as did the hon. member for Peel, of working closely with him at the San Francisco conference seven years ago and also in New York in 1946; and I came to have a high regard for his ability.

There is, however, this to be said; and in this matter I support the hon. member for Brant-Wentworth. A serious threat to our economy has been developing in these post-war years. We have become more and more dependent on a single market for our trade; and that single market is the United States. The minister is perfectly right when he points out that that tendency has been largely due to the fact that other countries with whom we formerly traded in large quantities have found it difficult to obtain in our country the necessary purchasing power in order to get the goods they require. But that does not alter the fact—and I think we should face it—that we are running into grave danger of placing too many of our eggs in the one basket, instead of perhaps trying more than we have been, as far as I know—and as I say, I speak without access to the necessary research facilities—to find more varied outlets for our increasing production of grain, dairy products, raw materials and manufactured goods.

The United States has never been a stable market for Canadian goods, particularly for the kind of goods in which, on a long-term basis, Canada has excelled. We have had indications of this fact in recent times. It would seem that our alternative, wherever it is possible to do so, is to seek export markets overseas and to do everything we can to reach agreements so that we may reverse the trend that has made us so dependent on the unpredictable United States market.

This afternoon I was glad indeed to hear the further announcement made by the Minister of Agriculture.

The amount of meat involved is not very large in relation to the amount that we could produce and may have surplus for export. I believe we have every reason to be glad that New Zealand, the United Kingdom and Canada were able to reach such an agreement regarding the marketing of the surplus meat caused by the United States embargo against our Canadian supplies. May I say that this indicates very clearly indeed what can be done when friendly governments are prepared to co-operate with one another to meet a problem that one of them faces. Private trading, may I say, could not have reached this agreement. Only because of the fact that in the last number of years we have been trading on the basis of nations were we able to reach an agreement of this description. I have no doubt that that is the pattern, whether some like it or not, of future relationships among many of the great nations. In passing may I say that I hope that an international wheat agreement will be arrived at within the next year, and that the price will be satisfactory to the Canadian producer. I hope the price will be in line with the price that he should expect with

the increased cost of production that has taken place over the last number of years. I believe that every effort should be made to reach an agreement satisfactory to all concerned. I know the difficulties because of the monetary situation across the world, and I recognize the difficulties that have arisen in that regard.

In the inter-war period, that is between 1920 and 1939, the United Kingdom closely rivalled the United States as the market for Canadian products, but in dollar exchange we sold as much as $2 worth of goods to Britain and bought from her as little as $1 worth of goods in return during a number of those years. In those days that was a condition that could be overcome because of the British investments overseas, and her ability to obtain the necessary dollar exchange. All that was changed by the war. With the loss of the investments, which she had to liquidate during the war in order to buy goods to meet her war effort abroad, she changed from the world's great creditor nation to one of the world's great debtor nations. This, of course, accounts largely for the changes that have occurred.

Between 1920 and 1939, we exported an average of 35·8 per cent of our total products to the United Kingdom and 38 per cent to the United States. Our exports to the two countries were, therefore, very similar. In the first half of 1951—I should like the minister to correct me if I am wrong—on the other hand, only 14·4 per cent of our total exports went to the United Kingdom and 63·3 per cent went to the United States. If those figures are correct, and I have no research organization to help me in arriving at such figures, they do indicate what I said and what the hon. member for Brant-Wentworth said, that we are putting most of our eggs in one basket and that is a very dangerous thing to do. In regard to our exports to the United States, we have to remember that most of those exports are raw materials for industrial purposes in that country. Last year, of course, there was a considerable quantity of meat as well, but most of the exports were raw materials for industrial purposes, whereas the exports that we have been making in the past to Great Britain consisted of some raw materials but largely of foodstuffs and products from our farms. I believe that is the point that we should be considering at this time, and realizing that there is developing a rather dangerous change both in the channels of trade and types of commodities as between these countries and Canada.

I might just add that it is interesting to note that only five countries, other than Britain and the United States, took 1 per cent or more of our exports. This indicates again the restricted area in which we market our Canadian goods. This is not only true of exports, but it is equally true of imports.

In the period 1920 to 1939, imports from the United States were 64·7 per cent of our total imports, and imports from the United Kingdom were 17·5 per cent of our total imports. This emphasizes the statement I made a few minutes ago that we purchase much more from the United States than from the United Kingdom, and we sold relatively more to the United Kingdom than to the United States. In the first half of 1951, 70 per cent of our imports came from the United States, while, as I have it, only 10·7 per cent of our imports came from Great Britain. We imported, as I have said, 1 per cent or more of our total imports from only five countries in addition to the United States and Britain. It is true, then, that our trade always has been highly concentrated in a few countries, indeed largely concentrated in two countries. The United Kingdom and the United States, between the two world wars, together accounted for an average of about 77 per cent of the total trade of Canada. In the post-war period, the United States and the United Kingdom have accounted roughly for the same percentage of our trade, varying from 72·6 per cent in 1946 to 79·6 per cent in the first half of 1951. I want to say to the minister that there is something alarming in the change that has taken place in our trade and commodities as between these two countries, as the figures I cited a moment ago—if they are correct, as I believe they are—will bear out.

Mr. Howe: May I call the hon. member's attention to one factor? He should keep in mind that Canadian production is vastly greater now than in the twenties. I doubt if the volume—

Mr. Coldwell: In the goods I have dealt with?

Mr. Howe: —perhaps not the goods, but the over-all volume of goods shipped to Britain—has dropped. The total volume of exports is very much greater, so the percentages are down. I think that is a factor he should look at. Of course, we have been forced to balance our exports and imports with the United States, because we could not continue in any other way. A few years ago we had a drive to balance our imports and exports to the United States to keep the country from going bankrupt in United States dollars.

Mr. Coldwell: What the minister says, I know, is a valid criticism, but I believe you have to compare the two percentages, the percentage of trade with one country and the

percentage of trade with another country, because you are taking the percentages out of the same aggregate volume of the production of our country. A moment ago I said that the most obvious difficulty that faces us in connection with the problem is the international balance of payments with which Britain has been faced, as a result of the drastic change in her economic status to which I have already referred. Before the war she was rich enough to pay for almost half her imports from dividends earned from her overseas investments. Since she was compelled to sell them during world war II, as I have said, she no longer has those revenues, and those assets. I do not think it is out of place to say that very much of that expenditure was made, particularly in the first year or so of the war, in order to fight the war on behalf of those of us who had the good fortune to live in North America, the United States, as well as Canada, far away from the scene of conflict and threat that then hung over Britain and Europe.

Britain is handicapped by the lack of dollars, so that she is compelled against her will to reduce her imports from this country and to look elsewhere for some of the supplies that she needs. And may I say to the Minister of Trade and Commerce that, as I believe, if we are going to correct this situation to any degree we have to help her to earn more dollars in North America; and that applies not only to Canada but perhaps more particularly to the United States, because we have not yet had a great urge in this country nor have we had public opinion demanding increases in tariffs against British goods coming into Canada, though there has been some suggestion of it. If we are to bring about a better trade condition across the world, somehow or other Britain has to be able—and that applies to other countries as well—to earn more dollars in order to buy goods from the dollar countries.

Last year we bought an average of $31·9 million a month from Great Britain. That in the aggregate may seem at first glance quite a large amount to purchase, but I was very glad to hear the minister state that the imports from Britain are running higher in the first months of this year, because the figures I had for the first two months of this year indicated that the imports were lower, at a lower rate per month. I am very glad to hear him say now the imports are running at a higher rate than they were earlier this year.

Mr. Howe: I would not like a wrong impression to be created. I did not say the imports were running higher. I said our exports were running at a higher rate. I was not talking about imports. Unfortunately they are not running higher; they are running a bit lower.

Mr. Blackmore: Imports into Canada.

Mr. Howe: Imports into Canada.

Mr. Coldwell: This is what the *Economic Record* for April 1952 had to say. This is a publication of the United Kingdom information office, and in its April issue it commented on the trade with Canada as follows:

> That is why British purchasing in Canada is having to be cut further despite the United Kingdom hunger for the things Canada produces.

They were referring to the announcement made that Britain would have to import fewer Canadian goods, and it goes on to point out that the food minister, Mr. Lloyd George, when asked recently in the British House of Commons what was being done about Canada's $300 million unsaleable surplus of beef, pork, milk products and food grain, had this to say:

> For balance of payments reasons we are regretfully compelled at present to confine our purchases of Canadian food mainly to cereals and flour.

Well, of course, owing to the co-operation of New Zealand, that has been partially rectified as far as we are concerned. Then other commonwealth countries, with whom we should attempt to promote the best possible trade relations for political as well as economic reasons, are being compelled by the dollar gap to reconsider their all too low purchases from Canada. A great deal depends upon the ability to trade on a two-way basis.

I am not going to pursue this at very much greater length; but I do want to say that I believe that Canada, with our prosperity, with our favoured condition, should take a lead on every possible occasion not only to set an example ourselves but to urge other countries to do everything possible to remove their barriers from the trade channels. We should do everything we can to assist the nations that are our customers or our potential customers to earn dollars in our country. At the present time our own trade and the trade of the world are bewitched by uncertainty regarding what is going to happen in the United States, on the outcome of the election as well as the uncertainties of the American tariff, which has always been rather vacillating, and the possibility of a sudden shift in trade policies.

There is a good deal of concern felt everywhere, in our own country as well as in other countries, regarding that. We remember the general agreement on tariffs and trade,

the Geneva agreement, to which my hon. friend referred this afternoon, which was brought about in 1947. When that was brought before the House of Commons in December of that year many of us hoped that the promotion of trade between nations would cease to be the subject of discrimination such as hampered and prevented successful trade in the past. Unfortunately those expectations have not been realized, at least in full measure, because the United States, in direct contravention of the trade agreements, established an import quota on certain commodities, including cheese, simply as a result of domestic pressure upon the government of that country. They are always subject to that kind of pressure. Then the United States took action to restrict imports of fats and oils and dairy products from this country in contravention of the agreement, and I venture to say—and I think the minister would confirm this—that we have lived up to every obligation we assumed under the Geneva agreements. I do not know of any obligation that we assumed that we have not fulfilled. Indeed, we fulfilled the agreement a year earlier than was entirely necessary, and in the fulfilment of the agreement automatically, on January 1, 1948, we did reimpose or raise some tariffs against the United Kingdom and against some of her goods with the result that, though it did not mean a very great deal, it did in fact diminish her ability to earn dollars in Canada.

Mr. Howe: But only at the request of the United Kingdom.

Mr. Coldwell: At the request of?

Mr. Howe: Yes. It allowed them to—

Mr. Coldwell: Only at the request of?

Mr. Howe: Of the United Kingdom.

Mr. Coldwell: I thought it was at the request of the United States. As I remember it, I thought the United States proposed that the United Kingdom—

Mr. Howe: It allowed the United Kingdom to make the trade with the United States that they wished to make, and we did not raise any barrier against England except at the request of England.

Mr. Coldwell: All right. But it does not alter the fact that we did put that agreement into effect on January 1, 1948; we did increase some tariffs against certain British goods on July 1 of that year; we did thereby diminish her earning capacity for dollars in this country. We have fulfilled every obligation. Our great neighbour to the south, the United States, assuming similar obligations, has not fulfilled her obligations to the extent that we in Canada have, and to some extent we have been the losers by the non-fulfilment of those obligations by the United States.

As I said, I am not going to pursue this further. There is another matter that I had intended to discuss this afternoon, but owing to the interruptions and so on it would take me a little longer than the time allotted to me permits.

Mr. Howe: Go ahead.

Mr. Coldwell: No; I never like to do that, Mr. Chairman, but I will deal with it on another occasion. However, I think that this parliament and the government must give every consideration possible to this vital problem of Canadian trade and commerce.

Mr. Blackmore: Mr. Chairman, I do not propose to speak extensively on this occasion in connection with the matter of trade and commerce, although I think there is no more vital, interesting and important subject for the house to discuss in the greatest detail. Unfortunately the two speakers from the opposition who have preceded me have indicated the kind of thing that ought to be done, but have avoided carefully any suggestion as to how it ought to be done.

I think that for a member of parliament, in times so critical as this, to spend his time trying to tell the minister what ought to be done—which even every 14-year-old boy in the country knows—and yet to refrain from giving him any idea as to how it ought to be done—which apparently the minister himself does not even in the slightest degree know—is to waste our collective time and the time of the country.

If I were disposed to go into this matter in any considerable detail now I would devote my attention to the problem of how to enable Great Britain to get Canadian dollars.

Mr. Coldwell: Go ahead; we will listen.

Mr. Blackmore: I shall have considerably more to say on the subject before we have finished the discussion of this important matter of trade and commerce. However, I should like much better to hear what others have to say, whether any members in the house have any suggestion as to the way out of the difficulty. If any member has such a suggestion, I will listen with great humility and attentiveness. But it ought to be borne in mind and elaborated upon that what was said by the hon. member for Rosetown-Biggar, just before he closed his remarks, is the all-important fact that confronts us in the world. It is the problem of what the United States is going to do.

I think that when we accepted—and I think recklessly—the idea that we could live in a world where there would be non-discrimination we did an injustice to ourselves intellectually. Anyone who would suppose that, after more than a century of admirable success in building up a powerful economy by means of discrimination, the United States would depart from that proven policy in order to give us a chance to sell goods in her market, must be either unrealistic, or perhaps just a little off colour. Unfortunately the government and the opposition, with the exception of the Social Credit party, were all off colour on that occasion; because they supposed that the United States would actually lower tariffs on commodities entering her country, and allow various goods to compete with her production. They supposed that.

Well, common sense, as well as all American history, would contradict any such possibility. There are those who seem to think the United States ought to let Canadian cheese come into that country to compete with United States cheese. Well, will someone who thinks he knows tell us how on earth it could benefit the United States to let Canadian cheese come in for her people to use, and allow her own cheese producers to be destroyed thereby? Can anyone see how that could possibly help the United States? The United States' chief concern is to look after the people of the United States, is it not? If the United States brought down her tariff on every kind of goods the nations producing those goods desired that she should, it would not be more than fifty years until the United States would be back in the position of a purely primary producing area, and would be one of the most hopeless and helpless nations on earth. Because there is hardly a commodity used in the United States that is not produced somewhere in the world far more cheaply than the United States can possibly produce it, bearing in mind the high wage standards and the high living standards which prevail in that country, and which undoubtedly the people of that country desire to have prevail.

Going right back to the beginning of United States history, what was it that made her great and strong? It was that high protective tariff wall. What was it that made Germany great and strong? It was her high protective tariff wall, which Bismarck, as a result of the wise counsel of List, insisted upon building up.

What was it that made Britain great? We hear a great deal about free trade, but it was not free trade that made Britain great and powerful. It was the fact that for centuries wise monarchs and wise governments carefully protected the infant industries of Britain until they grew into giants. They became so strong that industries of a similar nature in other countries for the time being could not compete with them. But very shortly after Germany began to use the high protective tariff, her industries became powerful enough to compete successfully with those of Britain, and even to sell goods right in Britain in competition with British production.

What was it that built up Germany? It was the high protective tariff. What was it that built up Japan? It was the same sort of thing.

Mr. Stick: And hard work.

Mr. Blackmore: Yes, and hard work, we realize that; but just the same there was a protective tariff, if it was necessary. They kept their people on a low standard of living and operating at a high degree of efficiency.

Mr. Stick: And a low cost of production.

Mr. Blackmore: Yes.

Mr. Stick: Not a high tariff.

Mr. Blackmore: That was another way of going about it. They chose to keep their people on a low standard of living.

Mr. Stick: But not a high tariff.

Mr. Blackmore: Does anyone in this country want Canada to come down to a low standard of living in order to be able to compete in the world? Will anyone suggest for one moment that the United States should bring down the standard of living of her people to a level comparable with that which prevails in Japan, in order that she may be able successfully to keep Japanese goods out of the American market, without a tariff? Is there any member in the committee who would suggest that to anyone in the United States? Well, the ordinary United States citizen upon hearing a suggestion of that kind would brand as a lunatic the one who made the suggestion.

Undoubtedly the United States will keep a high protective tariff on every commodity of which she is able to produce what she needs. Very well; that is just common sense. That is the first fact we face. What is the next step the United States follows? Just as rapidly as she can do it she is introducing industries which will supply her with goods which formerly she imported from abroad. Anyone who wishes to investigate with some thoroughness the extent to which that process has gone on since the beginning of world war II will find some most instructive reading in the *Reader's Digest* of December, 1949, which carries an article setting out why American

dollars are scarce. I may give the contents of the article before the conclusion of this discussion.

The general message of the article, the general fact elaborated, is that the United States is increasing the variety of her industrial life.

Mr. Darroch: So are we.

Mr. Blackmore: That is another important fact in the situation. It means that the needs of the American people for goods coming in from abroad are decreasing progressively, unless she can get raw materials to supplement those raw materials of her own the supply of which is largely exhausted —as, for example, iron. She will take plenty of iron, she will take plenty of wood, she will take plenty of oil, she will take plenty of those primary products of which we cannot afford to deprive our country if we are to avoid exhausting our supplies of these things within twenty-five or thirty years. She will take those things, but she will not take the products which can be processed from those things if she can possibly avoid it. That fact is as clear as it can be. It is a major factor in the trade situation of the world today.

Obviously United States tariff restrictions are going to become more effective as she approaches more nearly a condition of being completely self-sufficient. That is the ideal toward which I believe her leaders are working. In other words, the United States is rapidly developing into what might be called an economic nationalist state.

Canada is doing exactly the same sort of thing under the exceedingly wise guidance of the Minister of Trade and Commerce (Mr. Howe). He gave a speech not long ago in Montreal—he will correct me if I do not paraphrase him correctly—in which he said that Canada was endeavouring to decrease her vulnerability. Those were not his exact words, but the general thought he was conveying was that he and the government were striving to make the Canadian ecenomy less vulnerable. The minister will check me if I am wrong.

What does that mean? It means that Canada under the guidance of the minister and the government in power is seeking to reach the point where Canada will be self-sufficient in respect of all really vital commodities. She does not want to be in the position where she will be dependent on outside sources of supply during the exigencies which might result from war in any part of the world. We had a good example of that in connection with rubber. I believe it was the Minister of Trade and Commerce who established the Polymer Corporation as a result of which we are now fairly secure in respect of rubber. If it had not been for institutions such as Polymer we should have been in a very bad way in world war II. The minister will correct me if I am wrong in that.

Will anyone in this house, will anyone in this country advocate for one split second that the Polymer Corporation should be disbanded and thus render us vulnerable in respect to rubber? He certainly will not. But what has this thing done? What has the establishment of Polymer done in the world? It has had the practical effect of depriving Malaya of its main source of revenue. The minister will check me if I am wrong on that. If you want to find the reason why communism prevails so dangerously in Malaya, why some 50,000 British troops have to be kept there to keep down communism, you will find it in such things as Polymer.

Mr. Howe: My hon. friend asked me to correct him. Is it not true that Malaya has received the highest price for rubber in the last two or three years ever received in its history? It is still receiving a very high price compared to any standard, despite what has been done. The Polymer Corporation and artificial rubber is merely keeping pace with the increase in consumption rather than cutting into the supply from Malaya.

Mr. Blackmore: I am glad to have the minister correct me. We are under the same difficulty as the hon. member for Rosetown-Biggar (Mr. Coldwell) referred to. When a member of the opposition rises in this house he is facing an expert of the highest quality, with a large expert staff. If he was not that he simply would not be worthy of the position he occupies. If a minister in charge of a department of government with a staff of fifty, one hundred or probably more skilled experts cannot know more about the details of that department than all the rest of the house put together, then it is time that minister resigned.

An hon. Member: He has to be good to be in the Liberal party.

Mr. Blackmore: I say he has to be superior to be in the government of Canada, no matter what party is in power. We lack the facilities to get this information and that is why I want the minister to check me if I am wrong. I gather from what he said that we have been buying from Malaya just as much rubber as we bought before the second world war; is that right?

Mr. Howe: I should think that that is probably right.

Mr. Blackmore: I have apparently been misinformed in respect of that matter. This reference to Malaya may be digressing a little, but we want to have everything right. With these high prices are the Malayans able to produce as much as they produced before world war II, before the Japanese ran over their country? Probably the minister is not in position to answer. Whatever the answer to that may be, the simple fact is that if we set up institutions in Canada by which we can produce rubber which Malaya is depending upon in order to get the things she needs, then we shall be depriving the Malayans, unless some other factor enters into the matter, of the means of getting a living. At the same time we are increasing our invulnerability. The fact is that we are endeavouring to become more and more self-sufficient in respect of every vital commodity.

Here we have the two great American nations, Canada and the United States, situated side by side. These countries possess probably the greatest resources to be found in a similar area on the face of the earth; they possess probably the most intelligent and skilful people in the world; they possess great amounts of capital; they possess the best of industries; they have the greatest amount of know-how, as it is called today. They have a vast consuming public which enables the United States at least to mass produce, thereby cutting down costs. Why in the world should these two nations not be able to become self-sufficient?

When they do become self-sufficient how on earth is any nation outside of those two nations going to be able to get any of our dollars when we will not accept any of their goods? If you want the fundamental trouble in a nutshell, there it is.

An hon. Member: That is right.

Mr. Blackmore: Let us face that fact just as it is and try to figure a way out. Let us not spend our time making insinuations or casting accusations against the United States because she will not let in our cheese or any other commodity. Let us try to find some way whereby the United States can let the nation which wants to send in cheese get United States dollars without sending cheese into the economy of the United States to compete. We will then be working on some realistic basis.

Up to the present time there has not been one word said in this house, except by Social Crediters, as to how Canada can provide Great Britain or any other nation with Canadian dollars except by letting in their goods, no matter how those goods may compete with our own industries and even destroy them.

An hon. Member: Tell us again.

Mr. Blackmore: In so far as I am informed there has not been a suggestion made in the United States, except by the U.S. counterparts of the Social Crediters, as to how they can provide dollars to other nations which need those dollars desperately to buy the goods which the United States needs desperately to sell, except by accepting goods from those nations to compete with the output of American industry.

It surely must be obvious to any ordinary man far less intelligent than the members of this house that there is an absolute paradox there. There is an inconsistency which simply must be dealt with. How to deal with it is the problem. What has the United States hitherto done? Let me recall to hon. members what she did. Right after the first world war the United States found it necessary to lend money abroad, to European countries and South American nations, with which to buy her goods, and she continued to do so until 1928. She kept herself out of a depression by that means during the several years before 1928. How did she provide dollars? She did it by lending dollars abroad. The result was she was able to sell her goods and keep her people employed.

One thing which to me is cause for amazement is that the United States has not put two and two together and figured out a way of providing dollars in a similar manner without lending them abroad. She lent billions and billions of dollars to European and other nations during the years between 1920 and 1928. Then she began to discover that she could not get her interest on these loans because she could not accept the goods of these other nations without destroying her own economy. She discovered further that she would never be able to get her money back unless she accepted such goods, and as she would not accept them she would never get her money back.

What happened then? When the United States ceased her foreign lending policy she went into a depression and dragged the rest of the world with her. Unless she finds some device whereby the difficulty can be overcome she will go into such a depression just as often as she ceases foreign lending. Since world war II what has she done? She evolved the Marshall plan. For what purpose? The purpose was to carry on foreign lending under a different name. We can say all we like about the generosity and magnanimity of the United States, and I honour her for as much of that as entered into the matter, but nevertheless the fundamental purpose under the United States Marshall plan was the urge to get United States dollars into the hands of

prospective purchasers of United States goods in order to keep her out of a depression. No matter what the Marshall plan cost it would not cost as much as a depression.

Canada, as the hon. member for Rosetown-Biggar pointed out, shared rather munificently in the Marshall aid advances of the United States. It was a generous gesture on the part of the United States to permit us to do it. We did so, and as a result the Marshall aid system helped to provide us with markets.

The Marshall aid plan has rather run out so now the United States has adopted some sort of security measure. I forget the name of it.

Mr. Howe: The economic security administration. It takes the place of the Marshall plan.

Mr. Blackmore: I thank the minister. The name had slipped my mind. I did not expect to speak this afternoon and I am speaking extemporaneously. Now the United States has brought in the economic security administration with power to lend money indefinitely. For what purpose? Ostensibly the purpose is to help Europe but down at the bottom it is to help the United States to sell her goods. To show how intense is the United States' desire to sell her goods abroad, I call to witness her insistence that Great Britain shall buy shells, cartridges and all that sort of thing to equip her armies from the United States so as to give United States business firms a market, thus utterly disregarding the needs of Great Britain for similar markets. That is enough to show how the United States keeps her eye on the ball, and in her case the ball is getting markets abroad.

Mr. Hosking: She has given the money to start with.

Mr. Blackmore: She has given the money. She has given United States dollars, and by that means she is providing herself with markets.

Mr. Hosking: Then don't criticize her.

Mr. Blackmore: I am not criticizing. I am trying to get the Canadian parliament and everybody else to face the facts as they are and not try to build their theories on sand. Let us get down to bedrock and know what it is all about. For us to expect the United States to adopt a policy of strict non-discrimination in the light of the facts I am now giving is for us to be utterly unrealistic. The hon. member for Peace River has just referred me to an article on rubber. I have not had a chance to read it but he says that it supports the statement I was making concerning Malaya. What are we going to do if this new device the United States has adopted whereby she provides prospective foreign customers with the money with which to purchase her goods ceases to function? What is she going to do and what is Canada going to do?

There is one more thing the United States has done. I am not finding fault but I am mentioning it because I have already spoken several times in the house on this very subject. I spoke on April 2, April 9 and May 5 and followed a general line of thought based upon the fact that since 1922 the United States has enforced in the world the unconditional most-favoured-nation clause. The unconditional most-favoured-nation clause has impeded nations in their trade arrangements beyond all power to estimate, and she is still following the same policy. Why is she doing that? It is purely to provide her own producers with markets. She wants to bring about a condition where if any little nation in the world gives another little nation a favour, as the result of which that other little nation can get a market, the first nation has got to give the big powerful United States the same favour so she, the U.S., can go in there and sell her goods thus displacing the goods of the little nation being favoured. That is the meaning of the unconditional most-favoured-nation clause which prevails in the world, and in my opinion Canada fatuously committed herself to the unconditional most-favoured-nation clause because it was said that we want an expansionist program. The Minister of Trade and Commerce issued a pamphlet in 1945 in which he said that we favour expansion.

I discussed that on May 5 to some extent. I do not propose to go into it today but what it actually means is that the United States is free to expand indefinitely. By using all sorts of means she gets markets for herself all over the world regardless of what happens to the rest of the world. Thereby she exports her unemployment and dumps it on the streets of the other nations of the world by simply exporting her goods in every direction under the protection of the unconditional most-favoured-nation clause upon which she bases what her apologists are pleased to call "expansionist policy." Expansionist policy for the United States! And for the United States alone!

Another important factor is the Bretton Woods agreement which was designed to put every nation signing the agreement upon an unconditional gold standard. I discussed that matter in some detail on May 5.

What are we going to do about the whole situation? I say first of all let us get out of the Bretton Woods agreement just as fast as we possibly can, and get everybody else out of it. While I am on this point, may I

say that I read the other day that Germany was going to be given the opportunity to come into the Bretton Woods agreement. From the way that was so gracefully put, I gathered the impression that Germany was told she would have to accept the Bretton Woods agreement. If you want to know why the dangerous situation exists in Germany today —one which may wreck us in a short time— go look for it, I suggest, in the Bretton Woods agreement and in the unconditional most-favoured-nation clause which Germany would presumably have to accept if she became a member of the comity of nations which we are pleased to call the "free" nations associated in the thing we call NATO. If what I am saying in this connection is not true, I invite anyone to put me right.

What is the situation when it comes to providing dollars to Great Britain to buy goods from America—Canada or the United States—or when it comes to providing France or any other country in the world with dollars with which to buy our goods? First of all, we are going to produce our own goods— which is a sound policy and one which I have commended the minister for—so we do not want their goods. They therefore cannot get our dollars, no matter how they try. Does that not sound hopeful to them? Does it not sound hopeful to us when we come to contemplate finding a market for our surplus agricultural products?

In addition to that, we are hedging ourselves about with an unconditional gold standard under Bretton Woods, binding in a strait-jacket every nation in the world which accepts it; and we are insisting on the unconditional most-favoured-nation clause doing all the damage the other measures did not do. One could almost repeat the old prayer that our fathers used to sing: "We have done those things which we ought not to have done and we have left undone those things which we ought to have done; verily there is no health in us."

We can recede from that position. We can denounce the Bretton Woods agreement and everything it stands for. Let us do that.

An hon. Member: Oh, no.

Mr. Blackmore: Oh, yes; and I will defend that stand at the greatest possible necessary length. Those who do not see the soundness of my position do not realize what this Bretton Woods agreement means. I will suggest to the hon. member that he read my speech of May 5 in which I quote authorities that even he will not dare to question, no matter how bright, intelligent and well informed he is. Let us denounce the whole policy of the most-favoured-nation clause. It is pernicious. It is based on the principle of non-discrimination in a world where the greatest nation in it, or what has been the greatest nation, reached that position by persistent and incessant discrimination, a policy that she proposes to follow to the *n*th degree. She imposes it on everybody else but she will not impose it on herself.

What do we need to do? The hon. member for Rosetown-Biggar kindly asks me to repeat once more. Last year, two or three times, I advocated that Canada advance a line of credit to Great Britain of $1 billion a year for five years. That would provide Britain with Canadian dollars. That would enable Britain to buy the goods we have to sell. That would enable us to sell everything we could produce in the way of goods Britain needs, including all kinds of agricultural products, all kinds of fishery products, all kinds of food, clothing, shelter that we produce. We could sell them to Britain as fast as we could produce them and in as great quantities as we could produce them. We could sell not only what we can now produce but what we could come to produce. It would also enable us to sell those goods at a price which we need to sell them at, having produced them in Canada which has a high standard of living.

The United States could have a similar arrangement. If they lent billions of dollars between 1920 and 1928, they can go on doing the same thing. The question then arises: where are you going to get the money? I am going to repeat one thing more which many hon. members in the committee will not accept, but I warn them that if they do not accept it, they take a fearful responsibility for the welfare of the people of the world. Yes, I know there are many people who laugh and who are not a bit concerned about the chaos we are going through. They do not laugh about a terrible war. The hon. member opposite waves his hands in a perfectly ridiculous way. He does not mind driving the country into a depression for five, six, seven or eight years. He does not mind going to war or subjecting the people to five or six years of war. But when it comes to adopting a new idea financially, he cannot do that.

The Chairman: Order. Perhaps, I might suggest to the hon. member that this is not the time to discuss financial methods or schemes. I would therefore ask him to confine his remarks to trade and commerce.

Mr. Blackmore: Thank you, Mr. Chairman. But the question Your Honour needs to ponder between now and tomorrow, or the next time he comes in, is how we can carry

on trade and commerce without finance. I think probably you will find that to be a rather difficult problem to answer. But in deference to your ruling, Mr. Chairman, I will close by merely saying this. The constitution of the United States gives to the congress of the United States the power to create money debt-free and to determine the value thereof. If the United States lent money which she created debt-free under her constitution, as Lincoln created it, she could go on with that foreign lending policy indefinitely, at no cost to her people, providing people abroad with all the money they need to buy all the goods the United States wants to sell.

The Chairman: Order. I think the hon. member will have to find another occasion on which to make these remarks as to methods of finding money or other financial matters.

Mr. Blackmore: I bow to your ruling, Mr. Chairman. I will merely make this statement in closing. Under the British North America Act Canada can do exactly the same thing as regards creating debt-free money that the United States could do under the U.S. constitution. If she does that, she can lend money with which to buy all her surpluses in Britain or abroad. And that is the only way whereby Canada or the United States can enable the various nations to obtain United States and Canadian dollars without accepting into their economy goods which are bound to destroy the invulnerability of their economies.

Mr. Hosking: Mr. Chairman, I wish to rise to take part in this debate for just a few minutes in order to make clear to some of the members of the committee a few of the facts, as I have observed them, since coming into the House of Commons in 1949, with regard to the prosperity of this country and how it has been achieved. From the hon. member for Brant-Wentworth we heard numerous criticisms, and from the Minister of Trade and Commerce we have heard of their inaccuracies. Then the hon. member for Rosetown-Biggar, in a complementary manner, told us that Canada had recently enjoyed several years of prosperity and that he did not think the ministers—particularly the Minister of Trade and Commerce—should accept the credit for these prosperous years.

I should like to recall that in 1949, during the debates at that time, the opposition members—both the Conservatives and the C.C.F.—suggested that we would have a ruinous economy unless we had controls and with them the necessary rationing. Our government, in its wisdom, saw fit not to adopt those measures. Possibly it is that feature of good, sound, government policy which has helped more than the opposition will admit to give us the prosperity which we have enjoyed in this country.

When the estimates were under discussion in 1950, I can well recall both the Conservatives and the C.C.F. suggesting to us that unless we launched on a terrific program of public works, we would have tremendous unemployment. Our government—and particularly the Minister of Trade and Commerce—explained to them that this was not the time to go into a program of public works. He in his wisdom, along with the rest of his colleagues, did not listen to the suggestions that were put out, and the cost of living dropped a little because essential commodities were not used in huge works programs. I should like to point out to the member for Rosetown-Biggar that the federal government did deserve some of the credit for the good times that we have enjoyed as a result of not taking the advice of the opposition.

In 1951, of course, the Korean war was on, and I think this might be a good time to suggest to the member for Rosetown-Biggar that the Korean situation is not a blessing because we have had good times as a result of it. No war is a blessing at any time. Any man who has taken part in any of these wars resents any person suggesting that war is a good thing even if it creates good times.

Mr. Thatcher: I am sure if the hon. member had heard the speech, he would know that was not the meaning at all.

Mr. Hosking: Nevertheless, if you read *Hansard* you will see that the hon. member for Rosetown-Biggar implied that we have got good times as a result of the war and that it was a good thing.

Mr. Thatcher: No, no, that it is not a good thing.

Mr. Hosking: I should like to make it perfectly clear that is the interpretation—

Mr. Thatcher: I think the member for Wellington South wishes to be fair, and I think he would agree that the leader of this party certainly did not mean we were glad because we had the Korean war.

Mr. Hosking: I am just going by what he said. He suggested it was because of the war we had good times, and not as a result of the things the Minister of Trade and Commerce did.

Mr. Thatcher: That is a different thing.

Mr. Hosking: The inference is that war is a good thing because it brought good times.

Mr. Low: The inference is that the only way which the economy can work is through war.

An hon. Member: Are you making that statement?

Mr. Low: I am making that statement right now that the only way the economy of this country, as managed by this government, can continue is through war, but that does not make war a good thing.

Mr. Hosking: I certainly agree with you that no war is a good thing, and I do not like anyone to suggest it is creating good times.

Mr. Low: It does create good times, and that is the only way we have had good times.

Mr. Hosking: That may be your opinion, but it certainly is not mine, and I am glad a Liberal government is governing the country instead of one with your opinions.

Mr. Low: Produce the evidence that it does not.

Mr. Hosking: Let me suggest to you—

The Chairman: Order. Will the hon. member address himself to the Chair.

Mr. Hosking: Let me suggest to you, Mr. Chairman, that in 1950 when this Korean war broke out, the opposition were suggesting that we should again put on price controls. The government, in its wisdom, decided that we would put on the credit restrictions and taxes which were of a beneficial nature to all the people of this country because they brought down the cost of living. I should like to suggest that now that we have successfully combated the inflation which was brought about by the Korean situation the government, in its last budget, has made a very substantial effort to create employment and good times by removing those controls which a year ago it was necessary to impose.

It is with these thoughts in mind that I would recall to hon. members of the house, through you Mr. Chairman, that this government, with its sound judgment; because it was not driven into huge public works expenditures at the wrong time; because it did not put on controls and rationing at the wrong time; and with its policy of pay-as-you-go, has created the good times that we have enjoyed in this country. I think, Mr. Chairman, I should make it clear to the house that we do appreciate what the Minister of Trade and Commerce has done when he tells us that under the Liberal government we have sold all the products we have produced in this country during the past year at the highest prices that we have ever had. I should like to pay him a tribute at this time.

Mr. Coldwell: On a matter of privilege, Mr. Chairman, I understand that while I was absent from the chamber the hon. member said I had made a statement that war was a good thing. I do not know how any such interpretation could be put on anything I have said or have ever said. I think it is a most abominable thing, and a great danger to the peaceful commerce of the world.

Mr. Hosking: I said that you had said that war had created good times, and that the Minister of Trade and Commerce should not take credit for that.

Mr. Coldwell: That is a distortion of what I said.

Mr. Thatcher: May I call it six o'clock, Mr. Chairman?

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Thatcher: Mr. Chairman, this afternoon we heard the Minister of Trade and Commerce give us another of his typically optimistic trade speeches. As a matter of fact, I suppose most Canadians find it rather refreshing to hear the optimism of the minister, but I think this afternoon he perhaps went too far. He accused the hon. member for Brant-Wentworth of distorting the facts, when the hon. member suggested that our British markets are disappearing. Well, I shall not accuse the Minister of Trade and Commerce of distortion, but I certainly do accuse him of gross inaccuracies this afternoon, and of making misleading statements. I draw the attention of the committee to two or three of the statements which he made. He said that we have sold more to Britain in the last twelve months than we have ever sold in the history of this country, war years or no war years. I ask hon. members to look at that again. What are the facts? I have in my hand a publication which is put out by the dominion bureau of statistics, I believe a department under the minister. It is called "Canadian Balance of International Payments for 1951." I turn to page 13 and there I find a statement of the Canadian domestic exports to the United Kingdom from 1948 to 1951. In 1951, the year the minister is speaking about, Canada exported to Great Britain $631 million worth of goods. That is the figure that is supposed to be the all-time

peak. Yet in another column I find that in 1948 we exported goods valued at $686 million to Great Britain and in 1949 $705 million. So I say this afternoon, when the minister made such a statement, he was absolutely inaccurate. He went on further this afternoon: We have not lost our export market to Britain; we are up 37 per cent over the previous year. Well, technically the minister was correct; they were 37 per cent over 1950. But what the minister forgot to tell this committee was that exports were down very considerably as compared with 1948, and down even more substantially as compared with 1949. Therefore I do not think that this statement was technically accurate. The minister went on to say: Canada has found markets for everything it could produce. I wish that some of the apple growers of Nova Scotia had been here this afternoon and heard the minister make the statement. The hon. member for Cape Breton South told me that down in his part of the country they are paying apple growers $5 a tree to dig up their trees, because they cannot find any markets for their apples.

I hold in my hand the supplementary estimates passed by this House of Commons on March 31, and I find item 568, $1,200,000, "to provide assistance to the apple growers in British Columbia"; item 569 is for $300,000, to provide assistance to the apple growers in Nova Scotia. If the minister could sell all the apples that he could find, why are the taxpayers paying those subsidies? I wish he would explain.

When the minister suggested that he has no marketing troubles today he was overlooking beef, despite what he said; because, while this new agreement which was announced several days ago is a very important factor in the marketing of beef, yet certainly it is not going to take more than 15 per cent or 20 per cent of the exports which we had last year to the United States. While the new agreement will help for two or three months, at the end of that time we are going to be back precisely where we were before. I think most hon. members do not honestly believe that the American embargo will be lifted for a year or two years at the earliest. If that is the case we are going to have very real difficulties in marketing beef before very long.

Mr. Ferrie: What do you know about beef?

Mr. Thatcher: When I look at the hon. member, I don't think he knows too much.

There is one other point. In the figures which the minister put on the record this afternoon, he said that our exports to Britain in 1951 were greater than they were in 1950.

That is technically true, as I said; but the point he did not mention was that many of those increases were caused by increases in war materials which we sent to that country. I quote from the same chart again and I find that aluminum, for instance, jumped from $39 million to $57 million; zinc and lead from $14 million to $40 million; and other nonferrous metals from $34 million to $55 million. The all-important point, as I see it tonight, is that our markets for farm products in Great Britain have been sharply decreased, and I use this chart again to bear out that statement. Wheat, for instance, went from $173 million in 1950 down to $159 million last year. Bacon and hams from $24·4 million down to $0·6 million; cheese, from $15 million down to $8 million, and so on. Mr. Chairman, Canadian agriculture is facing at this time a very real crisis. It is facing that crisis because of one factor, namely, that we have been losing many of our traditional British markets.

This afternoon the minister pointed out, as he has done many times in the past, that we found alternative markets in the United States. I give him credit for that fact; it was no mean achievement; but, as was repeatedly pointed out this afternoon, that United States market is a vulnerable one. Last year two-thirds of our exports went down to that country.

Now, in the past the United States market has always been vulnerable. We had a very good example a few months ago. We entered the Geneva agreement, or signed the Geneva agreement, hoping that it would have better trade possibilities than the old imperial preferences, and I think probably it will have. But only a few months ago we had a very good indication that the Americans can render the terms of that agreement null and void at any time they wish. The American congress did exactly that when the matter of Canadian cheese was concerned.

While I am on that subject I would ask the minister to explain why the government has been so vacillating in trying to get the Americans to remove that discrimination which is contrary to the treaty. Perhaps the government should consider some retaliatory action.

So I say the American market is a most vulnerable reed upon which to base better Canadian trade. What would happen in the Dominion of Canada if in the next presidential election Senator Taft should become president? I do not for one moment deny that Senator Taft has many sterling qualities. In many ways no doubt he would be a good president; but the fact remains that he is, or at least he has been in the past, a man who has advocated higher tariffs. And if

those higher tariffs should come about, Canada could very suddenly lose a substantial portion of her American market. Therefore I say it is sensible for us in Canada, while there is still time, to try to diversify our markets. This afternoon the hon. member for Lethbridge made some rather interesting remarks as to what should be done. It is pretty well obvious to all that the best alternative market for farm products at the present time is in Great Britain. There can be no doubt about it. The minister himself admitted the British would like to buy our cheese. He said they did like to buy our salmon, but they have not the dollars to do it.

I must contend that a large part of the fault for that fact lies at the doorstep of this government, because the British leaders have told us since the war—not once but a hundred times—that the only way they could continue to buy from us in the same quantities was for us to increase our purchases from them. In other words they said that harsh economic facts force them to bring their Canadian purchases in line with their Canadian sales. They told us that years ago.

I think the government has been apathetic in devising ways of increasing British imports into this country, and thus permitting them to earn more dollars. Britain's plight today is perhaps even more dangerous than it has been in the past. They are still short of dollars. Only last January the commonwealth ministers met, and after that meeting there was a sharp curtailment of purchases made in dollar countries. So the future, to say the least, is not bright.

I feel there are two or three steps the government could take which would enable the British to increase their purchases in Canada, and thus stabilize our farm market. It seems to me that the first sensible step should be for us to decrease our tariff against British goods, whenever it is possible within existing treaty regulations. I think there are certain places we could do that. In the second place I suggest to the minister that our government should embark upon a vigorous "buy British" campaign, right from St. John's, Newfoundland, across to Victoria, British Columbia.

I look at page 486 of the estimates and I find we have 398 employees in the trade commissioner service abroad. They are in about 50 different foreign cities. Most of them are doing a good job; but I think if only 50 of those employees came back to Canada for a few months and got in touch with Canadian importers, a great deal of good could be done. If these commissioners went to the importers, and explained to them why it was necessary for us to "buy British", and how important it was to the economies of both countries, I believe they would meet with a great deal of co-operation.

Out in Saskatchewan several years ago the Hudson Bay association tried a somewhat similar campaign, when they went to wholesalers, manufacturers and importers and asked them wherever possible to buy British goods, and to bring them by way of the Hudson bay route. Their campaign met with substantial success—perhaps not as much as they would have wished, but enough to have made the effort well worth while.

I repeat that if the government would give leadership in this "buy British" campaign, through its own trade commissioners, it would be a real step forward and would help the British to earn dollars.

The third step which I think could be taken would be for the government to express its willingness to go into unorthodox trading methods such as barter and exchange, or something of that nature. After all, with a surplus of beef and of cheese, and with surpluses of other commodities, and with the fact that many countries need food, it seems to me that any exchange method should be tried.

In the coming year I suggest that the Department of Trade and Commerce give a good deal of attention to trade with Japan and Germany. Now that a peace treaty has been signed with one of these countries, and will be signed soon with the other, there should be real potential possibilities with those countries. Before the war we traded with them very considerably. Both these countries have heavy populations and need food.

Finally, the department should not overlook the possibility of trading with certain countries behind the iron curtain. Britain herself has not overlooked that possibility. In this connection I should like to quote a paragraph from an Associated Press dispatch of Monday, April 14, which states:

> Estimates of new east-west trade which may result from the Soviet-sponsored international economic conference here grew by leaps and bounds today . . . A source with the British delegation predicted Britain may get £50 million worth of new business with Russia, China and other communist countries.

I do not know to what extent trade with those nations is possible; but I think Canada must beware lest we become separated from important channels of trade. Those are countries which could absorb a good deal of our merchandise. I realize at once that we would have to be careful to see that strategic war materials did not go to them.

Mr. Macdonnell (Greenwood): This afternoon we listened to a speech by the Minister of Trade and Commerce which I did not think was quite up to his usual level. I have no doubt that when the minister makes decisions, as he does from time to time—and we all know and respect his capacity—he exposes all sides of the problem. What disappointed me as I listened to him this afternoon was that we were really just hearing one of those rather tiresome bits of self-congratulation which, I suppose, please those who utter them, but which I do not think add greatly to the amount of human knowledge on the subject.

Apparently at the end of that speech we were supposed to sing the Te Deum and call it a day, because when the hon. member for Brant-Wentworth undertook to make some critical observations the minister seemed to be extremely nettled, and proceeded to embark upon a series of observations which surprised me and which, as I say, did not do him much credit.

He began by saying, "We have just listened to a political speech filled with inaccuracies which should be answered immediately". And then the minister purported to answer the inaccuracies. But so far as I could discover, what he did was not to answer inaccuracies but rather to explain certain difficulties which are in the way of trade—and which of course we all recognize. He said, "I am taking every item of my hon. friend's speech and turning it inside out to show the ridiculous nature of the situation". That does not seem to me to be a very sensible way to begin a speech.

Having said that, the minister then went on, first of all, to the item of oats. He quarrelled, not with the facts which the hon. member for Brant-Wentworth stated; he undertook to say—this was a legitimate argument to make—that oats are usually consumed at home and therefore the figure which was given was misleading.

Then we got to cheese. The minister talked a lot about cheese, quite sensibly on the whole, but then he finally wound up by saying that this was entirely a matter where the Ontario government was to blame. It seemed to me that that was a very poor performance after what he had undertaken to do, which was to take every item in my hon. friend's speech and turn it inside out.

Then he shifted away entirely from the British market, which perhaps was wise because after all it is in the United States that our trade has chiefly grown. Then he talked about our export market as a whole and resumed his usual rather boastful line. We are all glad that our exports have increased and all that we are asking is that the minister try to give us, as he would in any business discussion, a picture of our position. He should not just tell us the favourable things without indicating that there are some hazards to the position. He knows better than any of us that there are certain producers in the country having a bad time. He knows probably better than any of us the reason for that. All that we ask is that he does not shy away from these things and treat us like little children. All that we ask is that he treat this House of Commons as he would treat any serious group of men.

Then he made one statement which I did not quite understand, although this may have been due to his being in an impatient mood. He asked the hon. member to subside and then went on to make a rather curious statement. He said that the hon. member "must be sure he was wrong because he was so persistent in throwing my statement off balance." I am sure the minister will be glad to explain what that means. I do not know exactly what it means. At any rate it did not live up to what he had said at first, that he was going to turn the statements inside out. So much for that.

As I say, what I have to complain about in the minister's speech is that I think we are entitled to be treated as more or less mature people and be given a picture of the situation. As I have said, the minister knows that there are people in this country who are suffering from unemployment. He knows the situation in the textile industry. He knows the situation in the pulp business, no doubt better than any of us. Those are the things which are relevant and which should be brought to our attention when we are discussing these matters.

The hon. member for Moose Jaw raised some very relevant matters with regard to the United States. Anyone who has the slightest knowledge of economic history will appreciate what the hon. member for Moose Jaw, and I think also the hon. member for Rosetown-Biggar pointed out, that it is a chancy business to deal with the United States. I remember a senior member of the Republican party, a gentleman who is still active in United States politics, who said something to me some years ago which registered deeply in my mind. He said, "Of course, you people in Canada must face the fact that if business should become not so good and we have surpluses here you will find that we will again become tariff minded." As a matter of fact there are indications of that right now.

Mr. Stick: Who said that?

Mr. Macdonnell (Greenwood): I am not going to mention the name, which is well known. My hon. friend will have to take my word for it that this gentleman is quite a well-known Republican. That is what he said and there are many indications to bear it out. As a matter of fact the minister has told us the difficulty they are having in getting the United States to carry out some of the undertakings made at Torquay and elsewhere. When we come to question time I hope we will be able to learn a good deal about the aftermath of Torquay, Annecy and Geneva because that is most important.

At the present time the signs are not all favourable. There is a considerable emergence of applications for tariff increases. I have a list here covering the applications pending right now, some of them not so important but others rather important. They cover chinaware, motorcycles, tobacco pipes and bowls, bicycle parts and so on. Those are not basic things, but nevertheless they indicate what is in the air. The minister is really like a bull on the stock market. He thinks everything is going to go on in the same pleasant way and we will not have to take into account the possibilities of changes.

Mr. Ferrie: As long as he manages things, it will be all right.

Mr. Macdonnell (Greenwood): That is all right. I suppose what hon. members here would like us to do is to take the advice given by one hon. member the other day, that we should get down on our knees and thank God for the Prime Minister.

Some hon. Members: Hear, hear.

An hon. Member: Say that again.

Mr. Macdonnell (Greenwood): So far as I can see, every member on the government side applauded. That indicates that it is unanimous. I do not raise any question about that. I suppose we do not need to go down on our knees in thankfulness for the Minister of Trade and Commerce, but we should offer some appropriate sign of obeisance.

Mr. Ferrie: There is no better in the world.

Mr. Macdonnell (Greenwood): This hero worship is a grand thing, but it must become rather tiresome occasionally to the objects of it. On the whole, I think that is a competition we cannot very well enter into because hon. members opposite would leave us far behind.

I should like to refer to what the hon. member for Rosetown-Biggar said this afternoon. It seemed to me that he talked in a most sensible way. I do not always agree with him in connection with economic things, and I was not in favour of his bulk buying passages, but nevertheless when he spoke about eggs in one basket and trying to look at the question in the broad, I think he was very sensible indeed.

Of course it is true that our home market is much more important than it was years ago. To a certain extent that takes care of our home production to a greater degree than before. Nevertheless, as I said before, there are enough farmers in this house to know that when we are told that everything is for the best in the best of all possible worlds they are not sure that that applies to them. It would be a very sorry substitute, it would be a bad exchange if we had to give up a lot of farmers living on the soil and able to sell their products profitably for the oil rigs that are coming in and spending United States money in Canada. Of course we are all in favour of that, but we are in danger of looking at these dazzling figures which are given us of the money we have, the gold we have and the United States exchange and all that kind of thing. That does not mean much to the man on the land who is not able to sell his goods.

Therefore, as I said at the beginning: I hope from now on the minister will perhaps realize that at any rate we are grown up and take us into his confidence.

Item agreed to.

443. Trade commissioner service, including payment of compensation to trade commissioners for damage to and loss of furniture and effects, under terms and conditions approved by the governor in council, $2,329,134.

Mr. Charlton: I notice in the particulars on page 487 the second highest payment is in connection with Caracas. Could the minister explain that?

Mr. Howe: Caracas has the highest cost of living in the world and it is necessary to pay our trade commissioners substantial living allowances to bring them into the same position they would be in if they lived in Canada. I might explain that the salaries of trade commissioners are based on living conditions in Canada, and if living conditions in any country are higher than in Canada compensation is paid accordingly.

Mr. Macdonnell (Greenwood): Does that mean it is entirely done through the medium of salary or that it is done through an adjusted expense allowance?

Mr. Howe: The salaries of the trade commissioners are the same no matter where the commissioner is located. If he is located in Canada or anywhere else in the world he gets the same salary, but over

and above that he gets a living allowance based on the cost of living in the country in which he is located compared with Canada.

Item agreed to.

444. Information division, including publicity and advertising in Canada and abroad, $177,854.

Mr. Wright: Are motion pictures used in your advertising campaign abroad?

Mr. Howe: Yes. Moving pictures are used quite extensively. Most of them are obtained from the film board but in addition the department occasionally makes a film at its own expense for some particular purpose such as selling a particular product.

Mr. Macdonnell (Greenwood): To be perfectly candid, I am surprised at the smallness of this item. Is this the whole? Are there any other figures for information, publicity or advertising of any kind? Are there no salaries? Is this the whole story?

Mr. Howe: Yes, except for the trade fair. We have an item later to cover the trade fair. As a matter of fact we use the trade fair advertising not only for the trade fair but for institutional advertising for Canadian products. The department does not advertise in Canada. All the advertising is in other countries, and this is the cost of it.

Item agreed to.

445. Economics division, including conducting of investigations and reporting upon current economic conditions and outlook (formerly the economic research and forecasting divisions), $157,923.

Mr. Blackmore: Would it be in order to ask the minister on this or some other item to give the details of trade that he was anxious to give us this afternoon in reply to the hon. member for Brant-Wentworth. He was going to give us a breakdown of the exports to Great Britain and other British commonwealth countries. I would really like to have that on record in order to know what it is. Could that be given under this item, or some other item that the minister might name?

Mr. Howe: You would like to know what commodities we export to Britain?

Mr. Blackmore: I would really like to have the minister give a thorough reply to the speech of the hon. member for Brant-Wentworth, not that I want the hon. member for Brant-Wentworth to be answered but because I want the information. It seems to me that he made a very valuable contribution, and if the minister has anything that would relieve our minds on any of these matters we certainly want to hear him.

[Mr. Howe.]

Mr. Howe: I gave the over-all figures. The hon. member for Brant-Wentworth made his case on the point that in 1938 we supplied 40 per cent of Great Britain's imports and in the year 1951 we supplied a smaller percentage. Of course that is quite misleading because Great Britain's imports were very much smaller both in volume and in value in 1938 than they were in 1951. Total imports of Great Britain from all sources were about $800 million in 1938. The total value of Canadian exports for the year 1952, if our forecast is correct, will not be far short of $800 million. You may say that there has been inflation to the extent of 100 per cent over 1938. As a matter of fact it is not that high, but in that case even in constant dollars our exports to Great Britain would be about 50 per cent of the imports they were making in 1938 compared with the 40 per cent we supplied in that year. The point I am making is that we are supplying more goods to Great Britain today in volume than we supplied in 1938.

Mr. Quelch: I think the thing that concerns a good many of us is the fact that in recent months the government has actually advised farmers against expanding their production. The minister has pointed out that the government has been able to market their products up to date but in spite of that fact they have warned farmers that if they expand their production there may not be a market for it. Could the government not make some arrangement with the sterling area by which that increased production could be made available to them? I have in mind, for instance, what is happening between Canada and the United States today. We have a serious unbalance of trade with the United States, somewhere in the neighbourhood of $524 million, but on account of large-scale American investment in this country we have had the dollars with which to make up that deficit. If we were willing to accept sterling from Great Britain for our surplus production and then invest that sterling in Great Britain in the same way that the United States is investing in Canada we would in that way provide a market for any increase in production that the farmers are able to accomplish.

Mr. Howe: I am not aware that anyone has asked the farmers to curtail production. I certainly have not. There is nothing I should like better than to have more wheat, oats, barley and rye. I will not say more flax because flax is a domestic crop. I wish my hon. friend would tell me who suggested that quantities should be reduced.

Mr. Quelch: I will give the minister my reasons. I have here a speech made by the

Minister of Agriculture before commission I of FAO on November 23, 1951. This is what he said:

> Our barley supplies are better than ever before, and our oat supplies above the long-time average. These, together with our feed wheat position, make it possible to produce more meat and dairy products . . . I am afraid this increased production of meat and dairy products will not materialize unless fears are removed from the minds of our farmers. The meat and dairy farmer has no assurance he could dispose of his surplus if it were produced. His experience suggests to him that there is no outlet.

That statement was broadcast across Canada by various farm organizations, and Mr. Hannam in commenting upon it stated that farmers would be crazy to expand their production with that situation. Then again, when the Minister of Agriculture spoke before the Canadian Federation of Agriculture convention a month ago, he had this to say, as found in the *Western Producer* of January 31, 1952:

> Warning farmers against embarking on highly stepped-up production of food for the domestic market, Mr. Gardiner said earnestly that it was true the government did want to see production up. But as long as Britain lacked the dollars to buy Canadian cheese and bacon and eggs he was not going to tell any farmer to produce more hogs, more eggs or more cheese.

A statement of that kind is of course bound to discourage food production especially when it comes from the Minister of Agriculture. I do suggest that if we in Canada were prepared to adopt measures similar to those adopted by the United States with respect to Canada, the making of large-scale investments, if we were prepared to accept sterling for a certain amount of our meat shipped to England and then invest that sterling, thus increasing the productivity of Great Britain, there would be no trouble in disposing of our production. In that way we would increase the productivity of Britain so that they would have more exports with which to buy other imports. We would be doing exactly the same thing as the United States is doing with respect to Canada. I do not know whether the Minister of Trade and Commerce considers large-scale American investment in Canada a good thing for this country. I presume he does. The Minister of Finance said he did not think there was any harm in it. It is a good thing for the United States and Canada. I suggest we could reciprocate by doing the same thing with the sterling area, and in that way provide them with the dollars with which to buy our products and at the same time help to expand their productive capacity.

Mr. Howe: I think the farmer is in the same position as almost anyone else. He must consider the crop that will give him the greatest return. For instance, now that the foot-and-mouth disease is shutting us out of a good many markets for beef, I would not think this would be a good time for the farmer to expand his beef production. Anyone who produces anything must gauge his market and shape his course accordingly. On the other hand, instead of feeding his coarse grains to livestock the farmer can find a ready market for those coarse grains, and as he tapers off one type of production he can build up another. Conditions change from year to year in any business. For instance, a manufacturer of stoves has to size up his market for the current year before he can plan his production. That applies to anyone who manufactures anything, and to some extent it applies also to the farmer. He must size up the future too. I spent a good part of my early years on the farm, and I know a great topic of conversation among my elders was what they should plant this year, what would seem to have the best prospect of success.

Nevertheless if my hon. friend will look at the gross farm income over the years I think he will find that farm production has not been going down. As a matter of fact it has been going up. I think 1950-51 showed the biggest over-all income for the farming community of any year in history. If we have good crops in the fall it is probable that 1952 will be a still bigger year as far as farm income is concerned.

Mr. Quelch: I would agree that farm production has been high, and that until the outbreak of foot-and-mouth disease prices were fairly satisfactory, generally speaking. But changing over from livestock to grain is not as simple as some of the other things the minister referred to. It is a simple matter to change over from wheat to oats or oats to barley, but the production of livestock is a long-term proposition. You cannot change pasture into cultivated land overnight. We hope that in the not far distant future the foot-and-mouth disease will be cleared up and then no doubt the United States market will be opened again and we will be able to ship our cattle there.

Mr. Howe: I would like to correct my hon. friend. I did not suggest that people should cut back on livestock. I said it would not be a good year to expand livestock production.

Mr. Quelch: But I think the government should give attention to this whole question of finding ways and means of getting rid of surplus production. If instead of statements such as the one I read by the Minister of

Agriculture the government would say to the farmers: there is a tremendous shortage of food in the world; there are many nations with millions of people on the verge of starvation; through the United Nations we have pledged to do everything in our power to maintain production at the highest possible levels and therefore we want you farmers to expand your production as much as possible, I am satisfied you could get a large increase in the production of livestock. But you cannot expect the farmer to do it without some assurance that when he does increase production it will not be used as an excuse to force prices down. So often we are told that we must be governed by the law of supply and demand, but if that argument is used we will not get a greater expansion of farm production than is taking place already. If on the other hand assurance could be given that the government would find a policy under which surplus production would reach the nations that need it, either in Europe or in Asia, I am satisfied there would be a large increase.

I do not intend any reflection upon the minister, for whom I have a high regard. I think he has done a remarkable job in moving wheat supplies in these difficult years.

Mr. Howe: My hon. friend asked why we did not do as the United States is doing. I would not like it to be suggested that we have done any less than the United States. We have given over $3 billion in outright gifts and in loans in the last seven or eight years to tide over our customers, and I would not say that door was closed. But I did point out that we have been disposing of our surpluses.

My hon. friend says we might produce more livestock, but in that connection he must keep in mind that we live in a cold country. Generally speaking our cattle have to go under shelter in winter and be fed grain that has been put aside for that purpose. We are competing in the United Kingdom with Argentina, a country with a mild climate, where a steer never has a roof over its head until it walks into the abattoir on its final journey. The stocker cattle are raised in the south. Then they are moved up on foot to the lush country around the river Plate, where they feed on alfalfa. There they are fattened and driven down to the abattoir, from where the beef is shipped to England. The situation is very much the same in New Zealand, where the cattle never go under a roof. It is the same in Australia, though unfortunately drought affects a section of that country and makes the raising of cattle more hazardous than in either Argentina or New Zealand.

However, the fact remains that in trying to raise cattle for Britain in Canada we are competing with countries that can raise cattle for much less, as witness the fact that in New Zealand today, as we find under this cattle transaction of ours, they are accustomed to put frozen beef on board a boat, and are doing it under contract with Great Britain, at 14 cents a pound. To put that same frozen beef on a boat from Canada to Great Britain costs 48 cents a pound.

An hon. Member: Why?

Mr. Howe: Because we are guaranteeing the producer $26 on the hoof.

An hon. Member: It is $25 at Toronto.

Mr. Howe: My memory is not too accurate, but I think it is $26 for choice and $25 for good steers.

Mr. Fair: There is one point in connection with the 1951 farm income that should not be lost sight of; that is, that included in this amount is the balance of payments on wheat crops from 1945 to 1949, which amounted to many millions of dollars. That should be segregated from the other farm income.

Mr. Aylesworth: From what the minister said a few moments ago I take it he would suggest that under our climatic conditions our farmers should produce only one commodity, perhaps wheat and coarse grains.

Mr. Howe: Oh, no. I was talking to a westerner, but I did not say we should raise only one commodity. My hon. friend is attempting to put those words in my mouth. I was talking about beef as against wheat, oats and barley. My hon. friend can make his own speech.

Mr. Aylesworth: The minister distinctly suggested that this country was not suited to the raising of beef cattle.

Mr. Howe: For the British market.

An hon. Member: In competition.

Mr. Aylesworth: What do you want to say? Say it now. I have never heard you make yourself clear on anything since I have been here, and I am sure you will not be clear on this. If the minister or the government have now reached the point, because of the position in which we find ourselves, that they feel this country is not suited to the raising of beef cattle, then I would say the same thing applies to hens. We have to house our hens for a great part of the year. We also have to house our hogs, so we are

not on an equal basis with Australia, New Zealand, and these other countries with warm climates where the stock can run out and graze on grass for twelve months of the year. That also applies to dairy cattle. From what the minister has just said, are we to take it that we should not be raising anything in this country except grain? I am sure he would not suggest that we produce more cheese under present conditions. Eggs, and in fact everything that the farmer grows today in eastern Canada, are under the same handicap when compared with the situation in that regard in other countries. In my opinion, in so far as the cheese situation is concerned, if the United Kingdom market cannot be regained for our surplus, I believe that the government should institute a program that would encourage the people of Canada to eat far more cheese than they are eating today. If we encouraged the people to eat an average of only one pound more of cheese, we would have taken care of approximately 14 million pounds. Another thing I believe the government should do is to discontinue the prohibition against the sale of cheese until it is at least three months old. Many people prefer cheese at a much earlier stage of its development. I feel that if we could conduct some kind of selling program of that nature, we could take care of a great deal of our surplus cheese.

I should like now to mention the position with regard to beef cattle. I hope I am not out of order in mentioning this now; but if I am, the chairman can draw it to my attention. Within the last few years, especially during the time when we had controls in this country, I believe much harm has been done. The government educated the trade of this country—I am now referring more particularly to the retail meat stores—into taking a larger spread. The trade was told during those years, as I am sure every hon. member here will recall, that they could take a certain spread. I know that in several places inspectors who were appointed by the government told storekeepers that they were not charging sufficient for a certain piece of meat. They were told that they were allowed to charge a certain price, and that is what they should charge. I can say this, that I think the government did a good job in educating the retail trade in that respect. I feel and have felt for some time that something should be done. I do not believe in dictatorship or anything of that sort, and I do not mean that, but I think that the government could issue a warning to the retail trade of this country that they have not been fair to either the producers or the consumers of this country.

Hon. members will recall that last January the price of beef dropped a few cents. The unfortunate outbreak of foot-and-mouth disease caused the market to drop a few cents more, and in round figures I think the total drop amounted to about 10 cents a pound live weight for beef cattle. This meant that the wholesale price of beef dropped about 20 cents a pound. I can assure you that you can go into many stores in this country today and find that the consumer is not getting the benefit of that 20-cent reduction. I am sure that if the retail price of beef had dropped as much as the wholesale price the consuming public would be buying beef today at more than 20 cents a pound less than they were paying for it at the beginning of the year. I do feel that the government should issue some statement that would show the trade that the wholesale price has dropped, and therefore there should be an equal drop in the retail price.

I have been speaking particularly about beef, Mr. Chairman, but the same thing applies to pork and everything else. I have been speaking about beef because I think that the price of pork has dropped more fairly. If the price of beef had dropped 22, 23 or 24 cents a pound, then the consumer could have bought much more than he did. The labouring man would have bought far more beef than he has up to the present time, and in that way I think we would have found a market for some of this surplus meat. I will agree that at the end of last year beef prices did reach a high level; in fact they reached a point which was not good for the trade. The price reached a level where the labouring man had to eat less meat, and so today we find ourselves with surplus beef. We find also that the consumer is still paying several cents a pound more for the meat that he is buying than he should be asked to pay. I am only drawing this to the attention of the ministry—I see the Minister of Agriculture smiling, and the problem is one which falls more within his department than that of the Minister of Trade and Commerce.

As I say, I do feel that some statement should be issued by the government. As the Minister of Agriculture said the other night when he was speaking about eggs, if the trade charges too great a spread on eggs, then in October those merchants would find that the government would not take care of their surplus eggs. I believe that if a similar statement were issued concerning beef prices, it would be of some benefit to the consumer. In that way we would also find a greater market for our surplus beef.

The Chairman: May I remind hon. members that we have had a general discussion on the first item, departmental administration. At that time the general economic conditions and outlook were discussed. I would not want to have another general discussion on this item merely because it calls for the payment of salaries to a director of a division, five or six economists, stenographers and typists. The hon. member for Lethbridge opened this discussion and said he had his doubts as to whether it was in order. He asked the minister for certain information which the minister gave. He also informed the committee that part of the information had been given during the afternoon. The member for Acadia and several other members took part in a discussion which has certainly gone much further afield.

I listened to the remarks made by the member for Frontenac-Addington, and I thank him for having said that if he was out of order he would accept the advice the chairman gave. Unfortunately he was not here this afternoon when the general discussion took place, and I thought that if no objections were taken to his remarks he should be allowed to carry on.

Hon. members of the committee should realize that if we are to make successful progress we should not initiate a general discussion on every item which seems to give some scope. This item has to do with payments of salaries to the director of economic research, economists and others. If hon. members will look at it they will find it reads:

Economics division, including conducting of investigations and reporting upon current economic conditions and outlook.

In his opening remarks the minister gave the current economic conditions and outlook. Someone observed that his remarks were optimistic in regard to the picture, and others said other things. Therefore this question was fully discussed. On an item dealing with salaries of those in the department, and of those making reports, are we going to open up the whole matter of trade and commerce throughout the world? I do not think so.

Mr. Coldwell: Mr. Chairman, I asked the minister a question. I see that most of the money spent in this economics division is for salaries, or the bulk of it. Looking over these salaries I find that for the type of work done and the qualifications that are usually demanded they are not high. I think that, like a good many salaries in the government service, they are much below the average paid by industry for the same type of service. Where are these economists located? Are all of them in Ottawa, or are some of them attached to various offices overseas? If they are located in Ottawa, what type of work are they doing? Are they writing publications for the department, or making investigations into trends and so on? If they are overseas what are they doing?

Mr. Howe: I agree that the salaries are low for men of the training that these men have. As a matter of fact, we lose them to industry all too quickly. A unit survey has been made recently and salaries are being brought more into line with the laws of supply and demand in the field. The raises are not great. In senior positions the government cannot hope to pay the salaries that private industry will pay for the same service. These men are located in Ottawa. They are located in departmental buildings. Their main function is to obtain fundamental data from the bureau of statistics and interpret them into a form that is useful for government departments. It is a service branch for several government departments. It is used by finance and several other departments of government. I think they are extraordinarily good. I think the heads of the three branches are just about as good economists as you will find anywhere in Canada, or anywhere on the continent—at least their forecasting seems to me to be amazingly accurate, and I cannot speak highly enough of the service they give the government.

Mr. Coldwell: None of them is overseas?

Mr. Howe: No; all in Ottawa.

Mr. Charlton: During the minister's answer to the hon. member for Lethbridge he again made the statement that we exported more goods in volume to Great Britain in 1951 than we had in any previous year. I would now ask the minister, in view of what he said about my statement this afternoon and about my figures, just what products he had in mind. Give us the name of the products that we exported more of to Great Britain last year than ever before. I mean more in volume.

Mr. Howe: It is hard to draw those figures out of the hat. I need to get notice, but I will give the hon. member a few. One would be nickel, another would be copper, another would be zinc and another would be lead. These I am sure of. Another would be aluminum. I could perhaps give the hon. member some more by looking them up, but I will give these without any hesitation. Probably another would be lumber.

Mr. Charlton: I was referring particularly to agricultural products. This afternoon I said that, owing to war conditions and defence conditions in England, there were many goods that we had exported more of, but they were

defence items, as the minister has now said. I was referring particularly to agricultural products.

Mr. Howe: I think we exported more wheat and more flour. If we did not last year, we will in the current year export more wheat and more flour to Britain than we have ever exported in history.

Mr. Charlton: I wonder whether we could have those figures?

The Chairman: During the general discussion it appeared clear that the minister did not agree with the statement made by the hon. member for Brant-Wentworth and the hon. member for Brant-Wentworth did not agree with the reply given by the minister. I do not think they will agree any more readily this evening.

Mr. Smith (Moose Mountain): I think I will be in order on this. It was mentioned here this evening that inspectors—this might come under salaries; I understand that inspectors are given salaries if they work for the government—have gone around to retailers in this country and told them that they had to charge more for their products. Would that be a federal inspector? If so, can the minister tell us his salary?

Mr. Howe: They were not federal inspectors, of course. My hon. friend spoke about domestic affairs, and we are discussing export affairs. He would have to go back to the last war when we had price controls. Possibly the wartime prices and trade board have inspectors, but there are at present no federal inspectors, dealing with retail prices, and there have not been any for at least seven years.

I might point out that under the constitution of Canada prices are the responsibility of the provinces, except when certain emergency legislation is in force, which it is not at the present time. Property and civil rights are a function of the provinces. If anyone can control prices it is the provinces. There must be provincial legislation for that purpose. If the federal government attempted to do so, its legislation would be declared ultra vires.

Mr. Smith (Moose Mountain): I have a supplementary question. This is the point I want to get. Were there any government officials setting prices and telling the retailer that he should raise his price? I know there was a price set above which you could not go, but what I am getting at is this. Was there ever a time in the history of Canada, to the minister's knowledge, when a retailer was told he could not lower his price?

Mr. Howe: No.

The Chairman: Order. In order to keep this discussion conducted in an orderly manner I cannot permit questions to be asked on an item which has nothing to do with control prices.

Mr. Coldwell: With all due respect, Mr. Chairman, may I suggest that since a number of hon. members—I was not one of them—were away this afternoon attending committee meetings, and I rather think some of them would have liked to speak on the general item in a more general way, as some of us did, a little latitude might be given.

The Chairman: I would say to the hon. member that I sympathize as much as I can with those who were not here during the general discussion. He will also agree with me that I cannot be governed by my sympathies in the performance of my duties. Therefore the discussion, according to the rules, has to be strictly relevant to the item under discussion. It is always unpleasant for the chairman to intervene and ask hon. members to confine their remarks to the item under discussion. I have always found it very difficult to have this particular rule observed, paragraph 2 of standing order 58. That standing order contains the word "strictly". It says that the remarks must be strictly relevant to the item under discussion. I am afraid that, at times, if some of my colleagues were not kindly disposed toward me they would feel that I am at fault in permitting so many hon. members to disregard the rules. The hon. member for Yale may proceed.

Mr. Jones: I agree with your ruling, Mr. Chairman. Unfortunately, however, during that time in which you allowed a certain amount of latitude, statements were made which I do not think should remain unchallenged. One statement was made by the Minister of Trade and Commerce in connection with the varying of crops to avoid surpluses. In general what the minister said is true, but I must say that in my constituency we are tied to an apple, pear and small fruits crop in general, and that crop cannot be varied from year to year. We could not grow apples in one year and potatoes the next. We are tied to a crop that cannot vary. Therefore that principle does not apply.

The Chairman: Order. The hon. member is quite right when he says that a certain amount of latitude has been allowed. As a result of that there are bound to be complaints from some hon. members.

However, once the Chair has listened to the initiation of the discussion, and has satisfied himself that it has reached a stage of duplication, such as has now taken place, he must

ask hon. members from that point on to confine their remarks to the item before the committee.

If I were to give latitude to the hon. member for Yale, what would the hon. member for Moose Mountain say about it? What would be said by the hon. member for Lethbridge, or the hon. member for Frontenac-Addington, or the hon. member for Greenwood, and so on? They would say, "Well, now that this opportunity has been given to the hon. member for Yale, we may all talk again." Where would we be then? Therefore I must ask hon. members to co-operate.

Mr. Macdonnell (Greenwood): Mr. Chairman—

Mr. Wright: I should like to bring to the attention of the Chair a point of order—

The Chairman: Apparently two hon. members are rising to discuss a point of order.

Mr. Wright: I would point out that the item now before us is the economics division, including the conducting of investigations and reporting upon current economic conditions and outlook. I suggest that is a fairly broad item. I do not think any hon. members who have spoken have been very far from the subject, namely, the economic outlook in Canada.

Mr. Macdonnell (Greenwood): May I venture a suggestion? As the hon. member for Rosetown-Biggar pointed out, there are a good many members who deeply regret they were not here when item 441 was being discussed. Would it be possible for us to return to that item, with consent—

Some hon. Members: No.

Mr. Macdonnell (Greenwood): I am asking the chairman.

The Chairman: In reply to the hon. member for Melfort I would say that a few moments ago I read the citation from the book. My contention is that this vote has to do with the payment of a director of that division who is conducting investigations and reporting upon current economic conditions. That does not mean that we must discuss over again current economic conditions, and the outlook, which was fully discussed under item 441.

Mr. Graydon: On a point of order; I fancy all hon. members have had experience of this kind at one time or another, that is with the discussion overflowing into another item. I agree that there must be some discipline in a discussion of this kind, but I fancy we would make more progress and you, Mr. Chairman, would be much happier, if we were to revert to item 441 for a few moments, complete that discussion, and then return to our program. I believe this would save time.

The Chairman: I appreciate what has been said by the hon. member for Peel. I am not displeased that the discussion has arisen at this time, because we are now embarking upon the discussion of the estimates, and this point may be raised later on. I know from experience that we are always confronted with the same problem; this is not the first time we have had it.

In committee of supply hon. members are under the impression that, when the first item is called, they are free to discuss matters in general affecting the department, and in that they are correct. But what happens is this: When we come to a subdivision or a subheading under the department, another general discussion ensues. For instance, I see here an item concerning the dominion bureau of statistics. I am reasonably sure that, no matter how much discussion we have had under the administration item with respect to the cost of living, there will be an attempt to discuss it again when we reach the item for the bureau of statistics. And, again, there are items here for the wheat and grain division, and I am sure the whole wheat problem, involving the marketing of wheat, which was discussed on the first item, will be discussed again. Further in the estimates we find that item 458 deals with the Canada Grain Act.

Perhaps hon. members would help me if they would ask themselves what they would do if they were chairman of the committee. How would they have the rules observed, and still be fair to all? At one point or another someone must make a decision, and it just so happens it is my luck to have to do it.

Unless there is unanimous consent we cannot revert to item 441. Is it the wish of the committee to follow the suggestion of the hon. member for Peel that we revert to item 441 and thus reopen the general discussion?

Some hon. Members: No.

Mr. Coldwell: I think it would save time to do that.

The Chairman: I hear some hon. members say no.

Mr. Blackmore: Is it necessary that the decision be unanimous?

The Chairman: Oh, yes. The vote has been called, discussed and carried. If we revert to item 441 at this time it must be by unanimous consent, because the item has been carried.

Perhaps hon. members will keep this in mind, that at a later time we are likely to

have supplementary estimates dealing with departmental administration. At that time they may have the opportunity to discuss matters in general in connection with the Department of Trade and Commerce.

Mr. Blackmore: I suggest that the subject to which the hon. member for Yale referred might properly be discussed under the next item which deals with international trade relations. What would be the reaction of the Chair to having the discussion at that time?

The Chairman: I decide questions of order only when they arise. We are now discussing item 445.

Mr. Jones: I believe I could ask a question which would be relevant, under the heading of economic research. My understanding is that economic research has reference to the ability of other nations to purchase our surplus produce. That being so, what are present indications for the marketing of Okanagan and other Canadian apples in Great Britain this year?

Mr. Howe: The outlook is not good, on account of the dollar shortage.

Mr. Browne (St. John's West): I am not sure if I am in order in asking the question I have in mind. I would ask the minister however if he knows anything with respect to the sale of salt codfish in the European market which, up to this date, has been financed through sterling held by the Canadian government in London.

Mr. Howe: I can report to my hon. friend that our expert on fish tells me that the prospects for the sale of codfish are good.

Mr. Browne (St. John's West): In Europe?

Mr. Howe: In Europe and elsewhere.

Mr. Browne (St. John's West): How is it to be financed?

Mr. Howe: Well, I think they pay cash for it.

Mr. Blackmore: That means dollars.

Mr. Macdonnell (Greenwood): If it is still permissible to ask a question, I should like to ask one. The minister referred to economists, and his observation was that the forecasts they made were extremely good. I wish he would say a word further as to the nature of their work. Perhaps he could give us an illustration of the kind of questions put to them, and in particular whether there are any questions affecting the direct conduct of this or that business.

Mr. Howe: The economics division provides economic intelligence service for the department. It undertakes to keep in close touch with economic conditions in Canada and make appraisals of prospective developments. The division replaces the former economics research division and economics forecasting division. In performing these functions the division maintains under review a number of aspects of the general economic situation including production, employment, trade, investment, income and prices as well as conditions in specific industries and areas. These studies are not made elsewhere in a comparable form and are consequently of assistance to associated departments of the government as a whole as well as to our own department.

Mr. Macdonnell (Greenwood): Does this division work entirely separately? There are a considerable number of economic sections throughout the government. I understood the minister to state a minute ago that one of the services this division performs is for his department. Is there a pooling of talent in the various economic divisions throughout the government?

Mr. Howe: There is a pooling of information. Other departments may have problems which are not within the scope of this particular division and for that purpose they may require economists to do work of a different nature than that performed by the economists in the Department of Trade and Commerce. I have given my hon. friend an outline of the work performed for the Department of Trade and Commerce.

Mr. Macdonnell (Greenwood): The minister knows his own experts and no doubt thinks highly of them. He knows what their capacities are and what their work is. But who knows the experts in the various departments? Who can assure us that there is no duplication? Who takes an over-all view? It has to be a pretty expert man who is an expert on experts.

Mr. Howe: I can speak only for myself. I assure my hon. friend that I do not do that task, as I am busy enough looking after my own department.

Mr. Macdonnell (Greenwood): That is a very definite but very unsatisfactory answer. If the minister cannot answer my question I think we ought to have some indication where we can get an answer. In view of what the minister has said I do not think there is much point in my pressing it now, but I would like to have an indication as to where it can be pressed because I do not think it should be left unanswered.

Item agreed to.

446. International trade relations division, including investigating and reporting on commercial relations and foreign tariffs and a contribution of $6,300 to the international customs tariffs bureau, $150,156.

Mr. Charlton: Would the minister explain this contribution of $6,300?

Mr. Howe: That is a payment for services. The office in Berne furnishes Canada with every change in tariff made by every country in the world, and we in turn provide that office with any change in our tariffs. The office in Berne pools information received from every country in the world and supplies consolidated information to every country which is a member of the organization.

Mr. Catherwood: Could the minister comment on the businessmen's committee which was set up under the leadership of Mr. Duncan and which I believe worked independently of the Department of Trade and Commerce although it was working along identical lines. Could he indicate just what was accomplished by that committee?

Mr. Howe: In the United Kingdom a dollar export board was formed, the purpose of which was to promote exports to dollar countries. At the request of the dollar export board a dollar-sterling board was formed in Canada under the chairmanship of Mr. Duncan and with a membership of distinguished Canadians, for the most part men in business. The purpose of that board was to work with the dollar board in the same direction, that is to promote exports from the United Kingdom to Canada. I think the Canadian board did a first-rate job.

Any difficulties faced by a Canadian wishing to import equipment or any other commodities from the United Kingdom could be cleared through the board. Delivery problems were cleared, information was obtained as to quality, and other service was rendered by this board to Canadian importers. That board did much to promote the import of British goods into Canada. My hon. friend will recall that some two or three years ago imports from Great Britain exceeded exports to Great Britain in value. In other words, the trade was about in balance at that time. As a result the board in Canada was disbanded and an advisory committee set up in its place. I believe within the last two or three months proposals have been made to revive the dollar-sterling board. Of course the government would be glad to see any step taken that will improve the balance of payments between Canada and Britain. The government had no direct relationship with the dollar-sterling board other than to make a contribution toward the expenses of the board. Part of the money for the support of the board was raised privately and part was contributed by the Department of Trade and Commerce.

Mr. Macdonnell (Greenwood): What relationship has this division to our own tariff board?

[Mr. Macdonnell (Greenwood).]

Mr. Howe: It has no relationship with the tariff board. This is the branch of the department concerned with external trade that negotiates trade agreements with other countries. It was the branch that looked after negotiations at Geneva, Annecy and Torquay. It furnished the experts on foreign trade for the Canadian government. These delegations are usually made up of representatives from external affairs and finance, and a man from the tariff board, and expert information on export trade is furnished by this group.

Mr. Macdonnell (Greenwood): When you go to Torquay or Geneva you have the tariff board, plus the other departments, plus these representatives from the Department of Trade and Commerce. Is it clear that there is no duplication of tariff work? I can realize that when a trade agreement is being made you must know what the tariff situation is, but we have what is supposed to be an expert tariff board. I certainly believe that it is. I come back to what the minister said in answer to my last question, that he does not consider it any part of his duty to see that there is no duplication.

Mr. Howe: I did not say that.

Mr. Macdonnell (Greenwood): Are we sure that there is none here?

Mr. Howe: I wish my hon. friend would quote me accurately. I did not say that it was none of my business; I said that I did not know, which is quite different.

Mr. Macdonnell (Greenwood): But you know everything that is your business.

Mr. Howe: I would not go that far afield. The tariff board is concerned with domestic tariffs, tariffs of the Canadian government, and this division is concerned entirely with foreign tariffs. They are complementary to each other, but they do not overlap in any particular.

Mr. Macdonnell (Greenwood): I thought of that one too, strangely enough. How can a tariff be domestic? Tariffs are two-sided things. We make tariffs here; other people make tariffs also, but surely we must study them both at the same time in order to get anywhere.

Mr. Howe: That is why they send experts from the tariff board and from the Department of Trade and Commerce. The tariff board knows all about Canadian tariffs and these men are supposed to know all about the tariffs of other countries and their effect on Canadian trade.

Mr. Macdonnell (Greenwood): The minister is not going to leave it at that and have us

believe that the Canadian tariff boards knows only about Canadian tariffs. That does not seem to make sense. I am still going to look for the man who can tell me that he is looking for needless duplication. However, the minister says it is not him, or perhaps he says "he".

Item agreed to.

447. Exhibitions generally, $253,236.

Mr. Coldwell: This item is a large amount, and I notice there are what strike me as two relatively small amounts included in the breakdown for the kind of work one would expect to be done. In the details on page 492 we find an item of $5,000 for literature for distribution at exhibitions abroad and an item of $2,500 for displays for trade commissioners' offices. We have a number of trade commissioners abroad, and it struck me that department displays costing only $2,500 would not permit very much of a display even in one or two of the offices. As to literature for distribution at exhibitions abroad, a number of exhibitions are held in European countries and in the United Kingdom, and it seems to me that is a very small amount for literature for this purpose. Perhaps there are other places where money is provided for literature for distribution at exhibitions. Perhaps the minister might explain.

Mr. Howe: There are certain publications that come under the information vote such as the Canadian trade bulletin which is a weekly publication. This is a sum for taking part in exhibits. We build up exhibits over the years. For instance, we have exhibits in Europe that we show at Milan and the various trade fairs in Europe. We add to them each year, freshen them up and bring them up to date, but we try to keep the expense modest because it is questionable in times such as these how much return there is from an exhibit at a trade fair. However, we think a creditable but not lavish job is being done, one which allows us to exhibit at the principal trade fairs in Europe and South America.

Mr. Fleming: In these exhibitions what aspects of Canadian life or Canadian production are featured?

Mr. Howe: It is production that is likely to be sold in the area. In Milan I believe it would be furs. It depends on the nature of the fair. With respect to the British trade fair, at the present time we are concentrating on showing market opportunities for British goods in Canada. We do not put on an exhibit to sell Canadian goods in England because we know we have not much opportunity anyway, and we think we will do the over-all situation more good by advertising opportunities for the sale of British goods in Canada. At the machinery exhibition held in the north of England there are certain Canadian manufacturers who exhibit goods such as heavy construction equipment, stoves and material of that kind that they believe they can sell in the area.

Mr. Thatcher: Would the minister tell us how many exhibitions of this nature were held in the past fiscal year and whether they were all held on foreign soil?

Mr. Howe: They are all foreign. Our only domestic fair is the Canadian trade fair which is covered by a separate vote. We exhibited at the Milan international trade fair, the Brussels international trade fair, the British industries fair, London, the British industries fair, Birmingham, the industrial textile exhibition at Lisle, where we showed furs and textiles, the world tobacco conference at Amsterdam where we exhibited Canadian tobacco, the Colombo plan exhibition at Colombo, Ceylon, where we displayed Canadian technological achievements, and the Canadian permanent exhibit at Rockefeller centre, New York, where we exhibit a series of manufactured products which are changed from time to time.

Mr. McLure: Is there any place where you show furs?

Mr. Howe: We show furs in most of these exhibits.

Mr. Thatcher: I take it from the minister's answer that there are nine fairs overseas in which we participate. Would he say whether they take actual orders for the merchandise exhibited or make any endeavour to sell it? I should also like him to tell me if any of these exhibitions are held in the wintertime.

Mr. Howe: Most of the fairs are held in the wintertime. We take a general exhibit and we encourage Canadian merchants to exhibit as well. The Canadian government does not take orders but the merchants who also exhibit are of course prepared to take orders. They go there for that purpose.

Mr. Bater: I notice that under the item for the Canadian international trade fair, 1951, there is an item under expenditure of $718,087, and an item of $415,043 under revenue. Is the revenue derived from admissions to the fairs and the renting of stalls?

Mr. Howe: Yes. We have not come to that item yet. We are talking about fairs generally. We will come to it in a moment.

Mr. Fleming: With respect to the details on page 492, there are two items here concerning which I should like to know why they are both charged in the present fiscal year. There is an item of $12,000 for participation in the British industries fair, 1952, and an item of $11,000 for participation in the British industries fair, 1953. How does it happen that these two items for two different years are charged in the present fiscal year?

Mr. Howe: The difficulty is the expenses overlap the fiscal years. For example, with respect to the trade fair certain preparatory work has to be done in the preceding fiscal year, and there are certain other expenses that are incurred at the time the fair is actually in progress. The trade fair is typical, and the work of preparing for the 1952 trade fair started the week after the 1951 trade fair was finished. Considerable expenditure for advertising and various other purposes is incurred in the fiscal year previous to the actual date of the fair.

Mr. Fleming: Looking at what happened last year, then, I presume we can expect a further item in next year's estimates covering the balance of expenditures for 1953?

Mr. Howe: That is right.

Mr. Quelch: Can the minister say how many nations had exhibits at the international trade fair last year?

Mr. Howe: We have not reached that item yet.

Mr. Quelch: I thought we were on it.

The Chairman: The hon. member for Eglinton wanted to ask a question on item 447. After the question had been dealt with I called item 448, which has to do with the Canadian international trade fair.

Mr. Charlton: I have a question I would like to ask on item 447.

The Chairman: If the hon. member for Brant-Wentworth still wants to address questions under item 447, he may do so.

Mr. Charlton: Did I understand the minister to say these "exhibitions generally" have nothing to do with exhibitions in Canada?

Mr. Howe: That is right.

Mr. Charlton: Then do I understand this whole staff is kept in Canada in connection with exhibits in foreign countries?

Mr. Howe: They are not all kept in Canada. Some work out of Canada.

Mr. Charlton: They are not in Canada?

Mr. Howe: Sometimes some of them are and sometimes they are not.

[Mr. Howe.]

Mr. Charlton: I see the amount allotted for travelling expenses is only $5,000. If their only work is looking after exhibits abroad I would expect the travelling expenses to be greater than that.

Mr. Howe: We maintain an office in London and an office in Canada. All the exhibits are built here in Ottawa, where we have a workshop, and shipped to their destination. Then attendants go to the exhibitions. They may go from Canada or from the London office, and they hire local help.

Mr. Charlton: But that has nothing to do with the departmental exhibits at the local fall fairs in Canada?

Mr. Howe: No.

Mr. Charlton: Nothing whatever.

Mr. Howe: Oh, occasionally we have loaned the workshop to another department that wishes to build an exhibit, but that expense is charged to the department doing the exhibiting.

Mr. Charlton: But is not the director of exhibitions the director in charge of all these small exhibits in Canada too?

Mr. Howe: No.

Mr. Bater: That is under the Department of Agriculture.

Item agreed to.

448. Canadian international trade fair, 1952, including authority to refund, from revenue, deposits received for contracts for space (revote $74,500), $538,380.

Mr. Bater: I think my question is in order this time. I notice this is the only item to which any revenue is attached, and I wondered whence that revenue came.

Mr. Howe: It comes from the sale of floor space at the fair and from admissions paid by the general public. This is not operated as a fair for the purpose of earning money. It is operated in order that buyers and sellers may get together in a leisurely way and complete transactions. But two or three days a week we admit the general public at certain hours, and the admissions paid by the general public are a source of revenue. The total cost of the 1951 trade fair was $720,932 and the revenue was $415,043, leaving a net deficit of $305,889. I am happy to say the deficit is getting smaller each year, and when conditions get back to normal I hope we can operate the trade fair at no cost to the Canadian government.

Mr. Quelch: Could we know the number of exhibitors last year, how many are exhibiting this year, and how the amount of space reserved this year compares with last year?

Mr. Howe: A year ago an announcement made it clear that the future of the fair beyond 1952 would depend on increased participation by Canadian exhibitors. In the 1951 fair, space sold to Canadian exhibitors amounted to less than 42,000 feet out of a total of 145,000 feet. The latest reports for this year indicate total space sales of 184,420 square feet, about 30 per cent higher than last year, of which 91,240 feet have been taken by Canadian firms. That is nearly two and a half times the space Canadian firms had last year.

Mr. Quelch: Have you the names of the nations who are exhibiting?

Mr. Howe: Yes. This is for the 1952 fair: Australia, Bahamas, Barbados, Belgium, British Guiana, Canada, Colombia, Denmark, England, Finland, France, French Morocco, Germany, Iran, Italy, Lebanon, Netherlands, Pakistan, Portugal, Scotland, South Africa, Sweden, Switzerland, United States of America.

Mr. Fleming: Is Ireland not there?

Mr. Howe: Not this year.

Mr. Macdonnell (Greenwood): Does the department have any means of assessing the success of the fair, other than by the space rented and the admission paid? Is there any other test in the way of business flowing from the fair?

Mr. Howe: That is very difficult to get, because the transactions are private between exhibitors and customers. All I can say is that most of them come back year after year. The expense is considerable, and I assume they must be satisfied with the results or they would not come back.

Mr. Macdonnell (Greenwood): When the minister says most of them come back, is he referring to individual firms or countries as a whole?

Mr. Howe: Individual firms. I have had some very surprising stories from Canadians. I remember that a man came to me and wondered if he could advertise Canadian caviar. I said I did not know there was such a thing, but he said he made it in a small way and wondered if it would pay to take a booth. I said it would not cost very much, that he might try it. He has had so much business since then that people have forgotten caviar ever came from Russia. Similarly, last year a man came to see me. He had a small furniture factory in the maritime provinces, and he put in an exhibit of school desks. During the later days of the fair he came to me and said he had taken so many orders he had to put an addition on his factory, and that it would be touch and go whether he would be able to fill the orders he had taken while at the fair. A great deal of business is done there. Buyers have a chance to look over Canadian products and Canadians have a chance to look over the products of other countries. I believe buying is on a very satisfactory scale.

Mr. Fleming: I am glad to hear that statement by the minister, because, if I remember correctly, about a year ago he expressed some doubt as to the wisdom of continuing the fair.

Mr. Howe: That was because of the lack of interest shown by Canadian exhibitors. We had more Canadian exhibitors the first year than in succeeding years, and I felt we were not justified in running a fair at a deficit for the benefit of foreign exporters. I made the statement that we would try it one more year, and unless there was a great deal more interest on the part of Canadian exhibitors than had been displayed at the last one or two fairs I thought we would wind it up. In other words it must be a two-way show; the foreign buyers must have something to look at from Canada just as Canadian buyers want something to look at from abroad. Strangely enough, when it was suggested that it might be wound up every organization in Canada protested vigorously, including organizations which I thought were very lukewarm towards the fair. They became great advocates.

Mr. Macdonnell (Greenwood): Did they take space?

Mr. Howe: Apparently they did.

Mr. McLure: Is the administrator of the Canadian international trade fair the same gentleman as the director of exhibitions?

Mr. Howe: Yes.

Mr. McLure: Then the $2,000 he gets here is in addition to his other salary? The director gets $9,000, and if he is the same man as the administrator this is just $2,000 extra?

Mr. Howe: I was mistaken in my answer. Mr. Bannerman is the director of the exhibition branch. He is in charge of all fairs, including the trade fair. Mr. Hoffman is the administrator of the Canadian international trade fair, and has no other duties except the Canadian trade fair.

Mr. Fleming: Mr. Bannerman is a very capable official.

Mr. Howe: We think so.

Mr. Catherwood: I should like to ask the minister if any action has been taken by the department to encourage Canadian exhibitors to show at this fair. I have attended this fair for the last two years, and I think it is

a wonderful show place for the products of the Dominion of Canada. I do feel that when these foreign buyers are present at that fair every effort should be made to encourage our own exhibitors to show there. Has the department taken any steps to encourage them?

Mr. Howe: Yes, we asked the international organizations to stimulate the idea of exhibiting at the fair. Then we did something we have never done before: we put on some salesmen. These were men such as retired bank managers, who could give some time to the matter and who were paid for their services. They knew something about business, and had the proper contact with Canadian firms to enable them to place the advantages of the fair before these firms. These salesmen did a very good job, and I think it was due to this special sales effort that this year the space taken by Canadian exhibitors has more than doubled.

Item agreed to.

Standards division—

449. Administration, including administration of the Precious Metals Marking Act, $113,359.

Mr. Herridge: On this item, I am not sure what particular heading it is under, but under the standards division there is provision for a number of inspectors of standards. Are those men doing work in connection with the act, that is enforcing the Canada Standards Act? Could the minister give us a description of what is being done in that connection?

Mr. Howe: Yes, the work of establishing national standards is proceeding, but it must necessarily proceed slowly. We must be sure that the standard is a standard that the trade and the purchasers will accept. A number of standards have been set up, and of course we have the Precious Metals Marking Act which is also under this division. Progress is being made towards widening the number of articles that must be bought and sold under the trademark "Canadian standard".

Mr. Wright: Can the minister give us an indication of the number of articles that are now standardized?

Mr. Howe: There is hosiery, fur and fur-trimmed garments; Babcock test bottles; turpentine—I am afraid that I cannot give a full list, but those are typical items.

Item agreed to.

Dominion bureau of statistics—

453. Administration, $167,714.

[Mr. Catherwood.]

Mr. Thatcher: So far as the Canadian bureau of statistics is concerned, on previous occasions I have said that I thought they did some very good work. In my experience as a retailer, however, I have found that they send out to various people a good deal of information which I do not think is of particular value. I have an idea, because the cost of this bureau of statistics to the taxpayer has increased from a million dollars in 1939 to $6 million today, that they might be compiling a good deal of information which may be useful perhaps but which Canadians might possibly get along without. This is one department in which the minister might be able to cut out some of these reports which are not particularly valuable, and thus save the taxpayer some money. I should like to have some comments on that.

Mr. Howe: Mr. Chairman, I came to the Department of Trade and Commerce with very much the same idea. A very strong committee was set up to pare down the number of publications. I had thought that they had been growing. Perhaps someone wanted a report on something, and it became an annual publication. As a result of those efforts the personnel of the bureau has been reduced. In 1948 the staff numbered 1,457; in 1949, 1,418; in 1950, 1,429; in 1951, 1,323. The number of publications has already been reduced as a result of this drive that was instituted two years ago, and 56 reports have been entirely eliminated. More than 120 reports considered to be too specialized for general distribution have been transferred to the reference paper or memorandum class.

Previously, every report issued by the bureau was sent to the "all publications list", which contained between three hundred and four hundred names, the majority of whom were subscribers at $30 per annum. Undoubtedly, many on the list received reports which did not interest them, and this led to some criticism. Reports of a technical or very specialized character, now called reference papers or memoranda, are no longer sent to the "all publications list". Those who want to receive all of them pay a special subscription price of $15 for memoranda, and $5 for reference papers. These are mentioned in our daily bulletin and non-subscribers must write for copies. This means that 176—that is 56 plus 120—out of approximately 500 publications examined have been discontinued as regular bureau reports. Fifty-six have been eliminated entirely, and 120 have become memoranda or reference papers.

Most of those previously receiving copies of everything we published will receive 176 less bureau reports.

Mr. Thatcher: Mr. Chairman, I think that is a very encouraging feature. Will the minister state who decides what new statistics or what new publications will be put out? Does he decide that himself?

Mr. Howe: There is an advisory publications board to the bureau and that board decides whether a request for information should be granted, and whether the subject matter should be reported each year or reported periodically.

Mr. Thatcher: I thank the minister, and I hope this year he will continue doing the same thing because I believe there are a few more that could be eliminated.

Mr. Fleming: Mr. Chairman, I should like to make a comment under this item concerning the proposed new consumer price index. I believe that all members must be conscious of the shortcomings of the present cost-of-living index, the basis of which goes back a great many years. No one, I am sure, is going to argue that there is not some reason for revising the basis of the index. On the other hand, Mr. Chairman, I submit that it is altogether desirable that while the new consumer price index is being introduced, the old index should be carried on for a considerable length of time. In a return tabled on May 8 by the parliamentary assistant, it was indicated that the new consumer price index would not commence before the summer of 1952. I am urging that the present index should be published for a considerable period of time after the new index comes into publication, and along with the new index.

I am basing that partly on the fact that a great many labour agreements have features which are tied to the present cost-of-living index. I am also proposing it upon the ground that the public is entitled to have a continuing basis of comparison with costs which it has been accustomed to over a period of years. That is not to detract from the idea of the new consumer price index, which I have no doubt will become a more accurate gauge of movements in general price levels so far as they affect the consumer than the old cost of living index. I think the public, for its information, is entitled to a continuance of the index to which it has been accustomed for a long time. It would be misleading simply to base our conceptions of living costs and the value of the Canadian dollar on the base period proposed by the new consumer price index, which is to be the year 1949. I hope that we are never going to become so adjusted, never going to come to the point where we are so ready to accept 1949 price levels as being a standard that we will simply accept the new consumer price index as one that does not for its full understanding require to be referred back and related to an entirely different basis. For that reason, Mr. Chairman, so that the public may be able to have a reasonably accurate gauge by which to measure price trends so far as they affect the consumer, and to relate those to a period that we hope is more normal than the period in which we are living so far as consumer prices are concerned, I am urging that the present cost of living index should continue to be published for some time to come, even after the new consumer price index has come to be published.

Mr. Howe: That is the intention. The first index under the new list of commodities will be published for the month of July, and for a time both indexes will be published side by side. I may say that—I do not know why—my hon. friend seems to want to perpetuate the years 1935-39 as typical. I think perhaps he is deceiving himself; I do not think he is deceiving anybody else. I hope I do not live to see conditions go back to the 1935-39 level. But it has been the custom every ten years or so to change the index, and to take a new base. That has been happening probably ever since a cost of living index was published. It happens here; it happens in the United States as well. They have just shifted to a new base—I am not sure what their base is. We think the year 1949 is the last year for which we will have full statistics upon which to base an index, so that the index will start off not at 100 but probably at 120 or 125 or somewhere in that range. But as long as we have a base which is reasonably representative of the period under discussion I do not think the year is important. If my hon. friend can see something sacred in the years 1935-39 we might consider immortalizing them and keeping them forever, but I think he would have to explain it pretty carefully.

Mr. Fleming: I can assure the minister that I would not wish the years 1935-39 to be regarded permanently as typical, because these were years of Liberal administration. I would not want to think that that was typical.

Mr. Howe: You would like to go back to 1930-35.

Mr. Fleming: You said 1935-39, and there is my answer on that.

The minister has indicated that the old index is going to be carried on for a period of time. It is a question of the length of it. I asked the minister a question on this subject in the house some weeks ago, when the

new consumer price index was first announced. So that the people may have an opportunity of measuring the extent of the rise in the cost of living I asked the minister whether the government would be prepared to continue publication of the cost of living index until at least the next general election. The minister rejected that very firmly. I was not asking him when the general election was to be called. Far from my thoughts be any such question, Mr. Chairman; but I did think that it was only due to the people that they should have an opportunity of measuring the extent to which the prices have risen and the value of the Canadian dollar has fallen. I think there is very great danger that that may be lost from sight if we accept 1949 as the standard year and simply calculate trends from that year and in relation to that year.

The minister does not want to regard the years 1935-39 as standard or typical, but I would not want to see the high costs that we have been living under, and which were in effect in 1949, regarded as typical. If the minister has some better suggestion, well and good. But let us not regard these four years 1935 to 1939 as typical. In measuring what is a reasonable time I ask the minister to continue to publish the old index along with the new, and to continue it for at least a year.

Mr. Howe: The bureau of statistics and my hon. friend were exactly opposite. The bureau of statistics pays no attention to elections, and my hon. friend thinks of nothing else.

Mr. Fleming: No.

Mr. Howe: Therefore I am afraid it will be difficult to reconcile the two points of view, but I will explain to the bureau my hon. friend's views, and they can take such note of them as they think warranted.

Mr. Coldwell: Can the minister tell me what has happened to that very useful and valuable publication the Canada Year Book? Has it been published this year, or what has happened to it?

Mr. Howe: It will be published.

Mr. Coldwell: It will be published this year?

Mr. Howe: Yes, in January, 1953.

Mr. Fair: As a farmer I do not like either the period 1930-35 or 1935-40. I never had as tough a time getting enough to eat, and paying my bills or of keeping the sheriff away as I did during that ten-year period from 1930 to 1939, which has been used for cost of living index purposes. I think of the terrible damage that has been done to the farming industry, because while we were supposed to be getting into the period of Liberal prosperity during those years we were still down in the depths of a depression as far as farm prices were concerned. Prices that existed during those years have been used here on many occasions to show the prosperity of agriculture. They were entirely misleading figures, and as far as I am concerned, and agriculture as a whole, the sooner we get rid of the prices and the price structure of agriculture during the 1930 to 1940 period the better off we will all be.

Mr. Macdonnell (Greenwood): I should like to make reference for a moment or two to what the hon. member for Eglinton said. I certainly never felt that the period for 1935-39 had any magical significance. I also agree with the hon. member for Eglinton that this other period should not be fastened on us either as a kind of normal yardstick because, if it is, what it really means is that a lot of people who have never been able to readjust themselves economically to the tremendous rises in prices are going to have that period accepted as more or less normal, and to that extent psychologically there will be a great difficulty in the way of their ever getting a readjustment.

What I want to speak about is the size of this item. Here we have an item of more than $4 million. At a time when we are seeking economies we have an increase of $259,000. No one has more cause to speak well of the dominion bureau of statistics than I have, because I have had a great deal of help and a great deal of courtesy from them. I do feel it is one of the places where it is extremely difficult to prevent expenditures from pyramiding; and unless there is a definite system effectively carried out it seems to me it is bound to go on. Because, after all, the people who are running this are enthusiasts—if they were not they would not be good at their job—and consequently there will constantly be those who will suggest this or that pet project—"pet", that is, to the suggester—and they will go on and do that work.

I wish to assert, first of all that, obviously, the minister, with all the things he has to do, cannot be reviewing these many hundreds of employees, and trying to analyse what is going on. Who does it? The minister says there is a committee. I would like to know who compose the committee.

While I am on my feet I would ask the minister whether he has thought of the possibility of having the fresh views of some outside agency which would come in, investigate what has happened, and ask the very useful question: Why? I understand when Winston

Churchill was made originally First Lord of the Admiralty, as quite a young man, his first act was to call in all the senior officials and ask them what they were doing. They all told him, very readily and glibly. Then he asked them a question they had never been asked before: Why? That was something, apparently, a great many of them found difficulty in answering.

Mr. Howe: The efficiency of the bureau is the responsibility of the director and his deputy. They operate under the supervision of the deputy minister and the associate deputy minister of the department, who gives the bureau his attention. Other officers of the department are detailed to consider special aspects. For instance the committee on publications includes the assistant director of the bureau, but the rest of the committee were people inside the bureau, but outside the division under review.

It would be dangerous to bring in an outside firm. The cost depends entirely on the kind of information required. That is built up over the experience of the years. If we suspend a publication there are always complaints from some sources that valuable information is being cut off. We have that experience whenever we drop a publication. It takes experience to evaluate the seriousness of a complaint. I doubt if it is a job that anyone without experience in the work of statistics could perform. Our bureau is considered one of the best in the world, and we try to make sure that the work it undertakes does not go too far afield.

Mr. Macdonnell (Greenwood): I have no reason to regard it as anything but a very good bureau. Whether it is one of the best in the world I cannot say. I am afraid that when I hear that kind of opinion expressed it only indicates to me that there is a great deal of self-satisfaction and not enough of the attitude of criticism aroused. However, I appreciate what the minister says, that it might be difficult for an outsider to come in and to assess what is going on. Yet it seems to me that nothing suggested thus far indicates that there is any acid test here.

For instance, what is the test of need? A publication is sent out. Very few people ever consider writing in to say that it was not a good one. Indeed, it may have been a good one. But what is the test to determine whether X hundreds or X thousands of dollars will be spent? To what extent are people charged for what they get? To what extent is distribution free? Four million dollars is a lot of money; and I suppose, as things stand, it is going to go up and up. It has gone up $260,000 this year.

Mr. Howe: Publications are free only to those on the official list. If my hon. friend would like to have them it will cost him $30 a year. They are sent free to trade commissioner offices, to trade offices of foreign countries located in Ottawa, and to a list of people who, for official reasons, are entitled to them. Aside from that a charge is made for each copy of a publication.

Reference has been made to the increase this year. I would point out that we had to consider the problem of old age pensions. The bureau did some work in forecasting amounts required and in setting up a check for old age pensions payments. It has done a great deal of work in connection with family allowances. Proof of age in connection with old age pensions required a great amount of work by the bureau of statistics. Usually it is work of that kind that expands the activities of the bureau. It is much easier to put new publications on than it is to take them off. However, a careful watch is kept to see that no new publication is brought out that is not required by the need of the day.

Mr. Macdonnell (Greenwood): Let me refer to something which I believe is under consideration—and it is a very interesting thing, too. I understand the bureau is grappling with the task of producing quarterly returns of corporations, such as they have in the United States, and which I believe we have not had. There, it seems to me, is an interesting point. It would be nice to give this information—indeed I would like to have it myself. But how will it be tested? I suppose it would cost a lot of money to have it. It would not be easy to determine whether that is worthwhile or not. What is the system? Is there any test that can be applied, or do we just go on getting this, that, and the other thing which may be interesting?—because it seems to me there is no end to it, ever.

Mr. Howe: I am told the Department of Finance and the Bank of Canada desire the publications so that they may estimate probable revenues.

Mr. Macdonnell (Greenwood): Do they pay for it?

Mr. Howe: The same person who supplies their money will pay for this.

Mr. Argue: I should like to refer back to a matter mentioned earlier, the new consumer price index put out by the bureau of statistics. The hon. member for Battle River pointed out that agriculture does not wish to go back to the conditions of 1935-39. I am wondering if there is going to be a change in the base of agricultural statistics to a new 1949 base. I do not know whether that would

be preferable or not. It seems to me however that if the consumer price index is going to be changed to 1949, the indexes of agricultural prices—and I am referring to the 11-factor cost index, the 8-factor index, and other indexes—might also be changed to the 1949 base. I wonder if that is being done.

Mr. Howe: I can assure the hon. member that every factor in the cost of living index will be on the 1949 base, including the agricultural index.

Mr. Argue: Does the minister mean that the farmers' cost of production index which, so far as I know, is not included in the consumer index, will be changed?

Mr. Howe: Yes; all other indexes, as well as the cost of living index, will be published with the 1949 base.

Mr. Argue: Will it also be the practice to continue for a period of time the other indexes?

Mr. Howe: Yes.

Mr. Argue: Regarding agricultural prices?

Mr. Howe: Yes; they will both be published for a time.

Mr. Fleming: I found some difficulty in following one answer given by the minister to the hon. member for Greenwood, when he offered as a reason for the increase this year in item 454 over last year's appropriation the fact that the bureau has been called upon to do a good deal of work in connection with old age pensions, and proof of age. I would remind the committee that we are now dealing with an item covering the fiscal year which commenced on April 1 while the bulk of the work referred to by the minister was done in the previous fiscal year. I should have thought that the bulk of that work having been done, for the very reason the minister has indicated we would be entitled to expect a reduction in the item this year as compared with last year.

Mr. Howe: The work on old age pensions is a continuing job. Much was done last year, some more will be done this year and more will be done next year. I have here an essay on new work undertaken without additions to staff.

Agriculture statistics division: New work undertaken in this division in recent years includes the following: Construction and publication of a monthly farm price index and an annual physical volume of production index; extension of the cash and net income series back to 1926; a new weekly series of butter stocks for 9 cities; a new series of monthly estimates of egg production and of monthly oilseed crushings; annual estimates of vegetable acreages and production; preparation of per capita food consumption statistics and publication of two reports per year; preparation of special forecasts of farm production and income for the Department of Trade and Commerce.

Most of this work has been undertaken with no increase in staff. This was made possible by improvements in procedures including a greater application of the sampling principle, simplification of questionnaires, adoption of the peg-board system, improved methods of estimation, et cetera. In the large semi-annual surveys almost double the number of returns are now being processed with no increase in staff. Larger samples in other surveys are also being handled with the same staff.

This division has had the preparation of a handbook of agricultural statistics under way for some time. Part I dealing with the historical statistics of field crops has been published and other parts are in preparation. This work has been accomplished with no increase in staff.

What I have stated refers only to agricultural statistics, but I could give details about industry and merchandising and general assignments, including the one I have just mentioned. I would not think my hon. friend would want to hear that.

Mr. Fleming: Does the list of work just read by the minister cover new work undertaken this fiscal year, work that was not done in the fiscal year 1951-52?

Mr. Howe: I was talking about work done during the year 1951-52.

Mr. Fleming: My question was directed rather toward the matter raised by the hon. member for Greenwood as to why there should be an increase this year when the bureau had discharged the considerable amount of work the minister has referred to in connection with the inauguration of the new universal old age pension plan. The volume of work which the bureau will be called upon to do this year would be reduced as compared with that done in the previous fiscal year. Is there some new work being undertaken this year as compared with the last fiscal year and which accounts for the increase in the item? This, of course, is quite apart from the census.

Mr. Howe: The increase is only 5 per cent, which is practically all covered by increased salaries and increased operating expenses. The work of the bureau is always increasing. Our population is increasing, the gross national product is increasing, the activities

of business are increasing, and the work of the bureau of statistics is increasing. In the last several years they have been making valiant efforts to handle these increases without additional staff, simply by improving the efficiency of the bureau. I think they have made a reasonable success. I could read the complete list if required.

The new cost of living index has been under study during the past year and has taken an enormous amount of time. Meetings have been held with almost every organization in Canada interested in the subject. There is always something new to be done. As I say, efforts are being made to keep the staff constant and to handle the work without any increase.

Mr. Fleming: Could the minister or his colleague, the Minister of Public Works, tell us what the new bureau of statistics building is going to cost?

Mr. Fournier (Hull): When my estimates are before the committee I shall have all the details as to that building.

Mr. Blackmore: Is the statistical summary issued by the Bank of Canada based upon data provided by the dominion bureau of statistics?

Mr. Howe: Yes. The basic data for all statistical reports issued in Ottawa are supplied by the bureau of statistics. The actual interpretation is made by economists outside the bureau whose duty it is to interpret information supplied by the bureau.

Mr. Blackmore: Regardless of the department concerned?

Mr. Howe: Yes.

Mr. Blackmore: If it had not meant delaying the committee I would have liked to hear the complete list of the various activities carried on by the bureau. I should like to know to what extent the dominion bureau of statistics is regularly compiling data in order to show the total productive capacity of Canada in connection with almost every commodity.

Mr. Howe: I shall be delighted to send across the text of what I was reading from as the hon. member may be the only one interested in the detail.

Mr. Blackmore: Perhaps I might tell the minister what might be new to the house and the country. One reason why I am particularly interested in the bureau of statistics is that if it is ever decided to set up a Social Credit state—

Some hon. Members: Oh, oh.

Mr. Blackmore: —the first thing we shall want to have is what is called a national account book indicating the actual productive capacity of each industry in the nation.

An hon. Member: What will it cost?

Mr. Blackmore: That is a sort of question we might expect from anyone so simple as to ask a question like that before he knows just what we are talking about.

The Chairman: I must ask the hon. member to address himself to the Chair and not conduct a conversation with hon. members across the floor. I might also ask him to confine his remarks to the dominion bureau of statistics. I do not think we ought to go into the future and consider the setting up of a state which might perhaps be different from the one we have now.

Mr. Blackmore: I am just wondering to what extent the bureau of statistics is ready to be utilized for compiling the national account book. The first important thing needed would be complete details of every branch and aspect of the productive capacity of the nation and I am just wondering if the bureau of statistics is in a position to assemble and supply that information.

Mr. Howe: The national product indicates the total production of the country. The capacity to produce may be larger but what is actually produced is the gross national product. That is prepared by our department based in part upon information supplied by the dominion bureau of statistics.

Mr. Blackmore: There is a rather thorough breakdown of the gross national product with respect to what is actually possible now and what will be possible with certain developments and so forth.

Mr. Howe: That is right.

Item agreed to.

454. Statistics, including contribution of $3,100 to the Inter-American Statistical Institute, $4,088,614.

Mr. Charlton: In the details on page 500 there is an item of $142,473 for rental of office equipment. Would the minister explain that item?

Mr. Howe: These are special business machines. My hon. friend knows that certain business machines are not bought. They are rented and that is the rental of certain equipment that was installed particularly for handling the last census. I may say that much more work was done on special machines in the last census than ever before.

Mr. Charlton: If that be the case, would not the item of $137,176 for 1951-52 have taken care of the last census?

Mr. Howe: I did not understand the question.

Mr. Charlton: The amount for last year of $137,176 would have taken care of the 1951 census.

Mr. Howe: No, the work is not completed. It takes a year or two after the census is taken before all the publications are completed and all tabulations made.

Mr. Charlton: Then we can expect that figure will probably go down in 1953.

Mr. Howe: Very likely.

Item agreed to.

455. Census of population and agriculture and the 1951 census of distribution, $1,731,366.

Mr. Catherwood: What was the total cost of the taking of the census in 1951?

Mr. Howe: The total cost is $8,874,503.

Mr. Thatcher: At this point I should like to suggest another saving which seems feasible to me, and I think this is the only place that I can bring it up. An extra census is taken on the prairies halfway between the ten year censuses. I think it was originated in 1905 when Saskatchewan entered confederation. The reason it was taken then was that the population was increasing fairly rapidly and the people wanted additional representation. I suggest the time has come when that census could be eliminated. I think the last time it was taken was in 1946, and it cost about $600,000 of the taxpayers' money. With a population that is relatively stable now, I respectfully suggest that is an economy which could very well be made.

Mr. Howe: I am told it is required by statute and that certain grants are based on the five-year census. We could not just wipe it out but we could explore the possibilities.

Mr. Thatcher: Perhaps the minister can tell me if there is any reason for retaining it. The population is now fairly stable. Is there any reason for that extra census in the three prairie provinces and not in the other seven provinces? It does not make sense to me, and I do not know anyone on the prairies who wants it.

Mr. Howe: I think the provincial treasurers probably want the statutory grants which are based on the five-year census.

Mr. Thatcher: How do the other seven provinces get along without it?

Mr. Howe: I am not familiar with the statute and should not be discussing the matter. I am told it is a statutory requirement. I will be glad to look into the matter and if there is any good reason why it should be abolished I will see what can be done to that end.

Item agreed to.

Wheat and grain division—

456. Salaries and other expenses, $28,918.

Mr. Wright: In 1950 the minister introduced an amendment to the wheat board act providing for the appointment of two additional members to that board. I assume the minister thought that was necessary at that time or he would not have had the act amended. Two years have now passed and no appointments have been made. In my opinion the wheat board is doing a very good job but I think its members are overworked. One member of the board has to spend a great deal of his time attending international conferences and selling our wheat abroad. Incidentally, I think the board has been doing a good job in finding markets for our wheat, but I suggest to the minister that he might give serious consideration to seeing that these appointments are made because I feel that now that the wheat board is handling coarse grains, contacting our customers abroad and making sales, the time has come when the membership of the board should be increased. It would not cost the government anything. The salaries of the members of the wheat board are paid out of wheat board funds. I am sure the farmers of western Canada would be prepared to see the number of members increased so they could do their job even better than they are able to at the present time, particularly with respect to securing new outlets for our grain.

Mr. Howe: The only reason we have not appointed additional members of the board is that we have not been able to find men who have the experience and the background of the three men we have on the wheat board.

Mr. Wright: Then you will never find them.

Mr. Howe: My hon. friend knows if you deteriorate the average you bring down the value of the team. There are men who have had the experience necessary but unfortunately they are not available for service on the board. However, I am still looking, and if I can find a man who I believe will improve the work of the board I will be very pleased to appoint him. If I cannot find a man who will improve the work of the board or who the board think will improve their work he will never be appointed as long as I sit in this chair.

Mr. Wright: Why did the minister introduce the amendment to the act unless he had somebody in view or some plan in view to actually implement the amendment? It seems to me

that the minister must have had something in view. As to finding somebody with the experience of the men who are on the board at the present time, that is practically impossible. You must train younger men. These men are getting older and unless there are younger men in training on the board to fill these positions the time will come when some of the present members will die or retire and you will then be in the position where you will have to make appointments. I think the time to make appointments is now so that there will be somebody in training.

Mr. Howe: When the wheat board act was amended on the last occasion my hon. friend will remember that we added coarse grains to the work of the board, and it was felt that might require additional personnel. I dare say the board would get on better if it had four members instead of three, but as I say I have not found a man so far whom I wanted to appoint to the board, and the board has not recommended any appointment to me. One day we will probably need a fourth commissioner. Then we will have to find him and we will find the best man we can. I am very happy about the work of the board at the moment, and when I have a good thing I like to leave it alone.

Mr. Fair: Earlier we had some discussion about the international wheat agreement. We got some information but I should like to have a few more details.

Mr. Howe: It is not possible to get it from me. The meetings of the conference were supposed to be in camera. I have given all the facts I know, and I hope no one else is prepared to give any more information than I have. The meeting is only adjourned. Mr. Phelps gave some information in Regina and I believe he has been cracked over the knuckles for it. I do not want to be cracked over the knuckles so I am not going to give any information.

Mr. Argue: The minister said that negotiations would be resumed later this year. Has he any information as to the probable date of resuming negotiations?

Mr. Howe: I have none.

Mr. Ferrie: If the minister appointed two more commissioners as requested who would pay their salaries and expenses?

Mr. Howe: The producers of wheat.

Mr. Argue: We in this group have always supported the wheat board as the agency to handle grain produced in western Canada. As the board is now operated it handles wheat, oats and barley. We have continuously asked that its operations be extended to include flax and rye. I believe if the operations of the board were so extended it would get the overwhelming support of western producers, just as the producers of Manitoba gave overwhelming support to the board marketing oats and barley.

When it is sold on the open market the production of flax is a real gamble. Trying to produce flax at any time is a gamble, but if in addition to the hazards of production you have a widely fluctuating market it makes the production very risky. Last fall I believe the price of flax went up to over $5 a bushel. A few weeks ago it was down to $3.50, and I believe it is now about $3.80. I think it would be much more satisfactory if a reasonably safe initial payment on flax were made by the board, with interim and final payments later as is now the practice in regard to wheat, oats and barley. I am wondering if there is any possibility of such action being taken. Then there is one other point I wish to raise.

Mr. Howe: That question has to do with the wheat board act; it cannot be considered under these estimates. The wheat board act comes up for revision next year, and nothing can be done until then. When we are discussing the wheat board act we shall be glad to discuss this subject, but it should not be dealt with on these estimates.

Mr. Argue: With great deference to the minister, it becomes very difficult for members to discuss the estimates if they are not allowed to suggest any additions or expansions in the item under consideration. I think it has always been in order to suggest the extension of any item.

The Chairman: If any such suggestions are to be made that can be done quite properly on the first item. That is why we have a general discussion dealing with the administration of the department and any measures under the control of the department or the minister. If we were voting the salaries of the justices of the supreme court, for instance, does my hon. friend think he would be entitled to discuss all the judgments those learned gentlemen have rendered?

Mr. Argue: I would not say that.

The Chairman: Well, here we are dealing with a board and the salaries of that board. The hon. member wants to go into the various decisions they should render, or the service they should perform. I think he should offer those suggestions on the first item, which has to do with the whole department, rather than on this item which has to do with salaries.

Mr. Howe: Might I point out that not even the salaries of the board are included in this

item. The salaries are not paid by the federal government. This vote has nothing to do with the operation of the wheat board.

Item agreed to.

Canada Grain Act—

458. Administration, $137,981.

Mr. Bater: Perhaps I am out of order again, Mr. Chairman; perhaps I should bring up what I want to discuss when the standing committee on agriculture and colonization meets to discuss the annual report of the Canadian wheat board and the board of grain commissioners. I intended to say something in connection with additional grain drying and storage facilities in northwestern Saskatchewan. I was also going to make some suggestions for changes in the initial quotas on grain at the elevators. I will ask the minister if I would be more in order to bring up these matters later, when the standing committee on agriculture and colonization meets.

Mr. Howe: I think there would be a better discussion then. However, we can discuss the board of grain commissioners, who are paid by the federal government, if my hon. friend wishes. Technically I think he can do that, but it might be better if he would defer that discussion until the committee meets, though he should do as he wishes. My thought is that it is a quarter to eleven and I would like to get the estimates passed.

Mr. Wright: Have the government given consideration to an overhaul of the Canada Grain Act? It is a number of years since we have had a major revision of that act, and I believe representations have been made to the minister or to the government in that regard. Perhaps they prefer to leave the decision until after we have discussed this matter in the committee on agriculture.

Mr. Howe: My hon. friend will find in *Votes and Proceedings* of today a resolution preceding a bill to amend the Canada Grain Act. In other words it is the intention to revise the act at this session.

Item agreed to.

Board of grain commissioners—

459. Operation and maintenance expenses, including inspection, weighing registration, etc., $2,868,720.

Mr. Charlton: I wonder if the minister could give us some idea of the amount of grain that has been handled this year through each of the government owned elevators.

[Mr. Howe.]

The Chairman: Order. Perhaps the hon. member has not noticed that government grain elevators are not under this item but are under item 460.

Mr. McLure: I think there are some 1,200 employees of this board and I would like to know how many are civil servants and how many are permanent. When I asked the minister a question on another item I understood him to say that none of the employees were civil servants.

Mr. Howe: My hon. friend was asking about the Canada wheat board. The costs of that board, including the staff, are paid by the producers of grain. The government exercises general supervision over the work of the board but does not pay any of the expenses. The board of grain commissioners is quite different. Its costs are paid by the government and all its officers are paid by the government. Practically all the officers of the board of grain commissioners are permanent civil servants, even the elevator operators.

Item agreed to.

Canadian government elevators—

460. Operation and maintenance expenses, $877,777.

Mr. Charlton: Could the minister tell us what amount of grain was handled through the government elevators last year, giving each elevator separately?

Mr. Howe: Some days ago I brought down the annual report of the board. That gives the information. I am sorry I have not a copy here. The reason my hon. friend does not have a copy is that we have not been able to get the report from the printers, but I am told it will be available for distribution next week, well before the meeting of the agriculture committee, and it contains all that information. The only information I have here is that the earned revenue from government elevators was $1,101,914 and the expenditures were $911,745, so there was a profit of about $200,000 in the operation of the elevators. That covers the elevators at Prince Rupert, Moose Jaw, Saskatoon, Calgary, Edmonton and Lethbridge, and the Port Arthur elevator which is leased to a private operator.

Mr. Charlton: And Churchill?

Mr. Howe: And the one at Churchill.

Mr. Charlton: Am I to understand there is an operating profit of around $200,000 on the government elevators?

Mr. Howe: There was last year.

Mr. Charlton: An over-all profit?

Mr. Howe: That is right.

Item agreed to.

Special—

462. International economic and technical co-operation division, including the administration of the Colombo plan and of certain United Nations co-operation plans, $88,192.

Mr. Fleming: Under item 462 we have apparently a new division within this department, the international economic and technical co-operation division, with a director at a salary of $12,000, four administrative officers, a librarian, control process officers, three stenographers and a clerk. I wonder if we could have from the minister a statement as to the reason for establishing this new division? I hope we do not need to assure the minister or the house that there has been unanimous support for the provisions made by the Colombo plan, but does it inevitably follow that because Canada is providing needed technical assistance to the commonwealth countries in southeast Asia that there must be this new division set up within the department?

Mr. Howe: Mr. Chairman, the amounts are quite substantial. We have made two grants of $25 million each, and that money must be spent to the satisfaction of the taxpayers of Canada as well as the recipient countries. The personnel of the division are mostly concerned with that plan. Nik Cavell is a man with a great deal of experience in work in the area in which the Colombo plan is being executed. I would be glad to read the extract from the annual report of the department bearing on this branch, if the hon. member so desires.

Mr. Fleming: Is it very lengthy?

Mr. Howe: It is a full page, yes.

Mr. Fleming: None of us has a copy of the report which was just tabled this afternoon.

Mr. Howe: I understand that, and I am sorry, but there again it has been delayed in the printing office. It will be available within a day or two. I do not know that I can read a short extract that would be particularly illuminating. It is necessary, however, to examine with the countries concerned the type of assistance that will be satisfactory to them. We believe that is something that will appeal to the Canadian people. For example, in Pakistan I believe we are building a cement plant, and that is something Canada can do very well. In India there are hydroelectric projects, certain irrigation projects, and over all there is the technical assistance program which calls for administration. We send administrators from Canada out to the field to do work in the field, and we also take people from the area to Canada to give them instructions in Canadian methods. I think that Canada could hardly hope to do a job under the Colombo plan without considerable experienced staff who could handle the problems that are encountered.

Mr. Catherwood: Should not this item actually come under the Department of External Affairs?

Mr. Howe: I agree with the hon. member, but unfortunately the Department of External Affairs has insisted that it should come under the Department of Trade and Commerce, on the theory that we had the personnel who were more familiar with the problems.

Item agreed to.

National research council and atomic energy control board—

295. Salaries and other expenses, $12,198,684.

Mr. Green: This item opens up a new branch, and I would suggest that it be adjourned.

The Chairman: Shall I report progress and ask leave to sit again?

Some hon. Members: Agreed.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull) moved the adjournment of the house.

He said: Mr. Speaker, tomorrow we shall take up Bill No. 193, an act respecting the New Westminster harbour commissioners; Bill No. 192, an act respecting a line of railway from Terrace to Kitimat, B.C. Then, we shall go into supply to consider the estimates of transport.

Motion agreed to and the house adjourned at 10.55 p.m.

[The following items were passed in committee of supply]:

DEPARTMENT OF TRADE AND COMMERCE

General administration—

441. Departmental administration, $617,795.

442. Commodities services, including assistance in the develpment of markets and new industry, the procurement of supplies, and contributions as detailed in the estimates, $620,352.

443. Trade commissioner service, including payment of compensation to trade commissioners for damage to and loss of furniture and effects, under terms and conditions approved by the governor in council, $2,329,134.

444. Information division, including publicity and advertising in Canada and abroad, $177,854.

445. Economics division, including conducting of investigations and reporting upon current economic conditions and outlook (formerly the economic research and forecasting divisions), $157,923.

446. International trade relations division, including investigating and reporting on commercial relations and foreign tariffs and a contribution of $6,300 to the international customs tariffs bureau, $150,156.

Exhibitions—

447. Exhibitions generally, $253,236.

448. Canadian international trade fair, 1952, including authority to refund from revenue, deposits received for contracts for space (revote $74,500), $538,380.

Standards division—

449. Administration, including administration of the Precious Metals Marking Act, $113,359.

450. Electricity and gas inspection services, including administration of the Electricity and Fluid Exportation Act—operation and maintenance, $599,176.

451. Laboratory—operation and maintenance, $67,814.

452. Weights and measures inspection services—operation and maintenance, $743,803.

Dominion bureau of statistics—

453. Administration, $167,714.

454. Statistics, including contribution of $3,100 to the Inter-American Statistical Institute, $4,088,614.

455. Census of population and agriculture and the 1951 census of distribution, $1,731,366.

Wheat and grain division—

456. Salaries and other expenses, $28,918.

457. To provide for the Canadian government's annual assessment for membership in the international wheat council, $18,500.

Canada Grain Act—

458. Administration, $137,981.

Board of grain commissioners—

459. Operation and maintenance expenses, including inspection, weighing, registration, etc., $2,868,720.

Canadian government elevators—

460. Operation and maintenance expenses, $877,777.

461. Construction of safety devices, and acquisition of new equipment, $11,368.

Special—

462. International economic and technical co-operation division, including the administration of the Colombo plan and of certain United Nations co-operation plans, $88,192.

END OF VOLUME II